Friday November 9 1990

Mr Arthur Walsh, STC chair-man, said the company's sur-vival depended on being part of

a group with access to the global market. Northern Telecom is offering 327p in cash per share. STC shares closed 21'4p higher at

312 // p. Analysts said the offer price

was towards the top end of their expectations - presum-ably to discourage rival compa-

nies from entering the fray. Alcatel had been identified as a

possible buyer, but the French group said its policy was to avoid contested takeovers.

avoid contested takeovers.

The price was also considered generous in view of STC's warning yesterday that "continuing difficult trading conditions" would depress profits. Analysts said that because of reduced sales to BT, they had cut their forecasts of STC's pressy applies for 1990 to \$150m.

tax profits for 1990 to £150m,

compared with £278m last year. Sceptics questioned how much fit there was between

the companies' manufacturing

Lex, Page 20; Background,

Canadian group

bids £1.9bn for

Britain's STC

NORTHERN TELECOM of Canada yesterday announced plans to acquire STC, Britain's

only major independent maker of telecommunications equip-

ment, through a bid valuing the UK company at £1.9bn

STC, formerly known as Standard Telephones and Cables, is recommending a

cash offer from Northern Tele-com, which already owns 27

per cent of the company, to its shareholders.
The combined group would

be a major player in global telecommunications. Northern

Telecom is a leading supplier

of digital switching equipment, while STC's strength is in fibre optic cables and intelligent

transmission systems. British Telecom accounts for 55 per cent of STC's telecommunica-

In July, STC announced that it was selling an 80 per cent stake in ICL, Britain's largest

computer manufacturer, to Fujitsu of Japan for F742.8m. Yesterday's offer is conditional on completion of the ICL deal.

World News

Concession to Poland by Kohl speeds border treaty

FT No. 31,299 THE FINANCIAL TIMES LIMITED 1990

German Chancellor Helmut Kohl, in a significant concession to Poland, has agreed to an early signing of the Ger-man-Polish treaty recognising their 1945 Oder-Neisse frontier as final. Page 2; Gorbachev visit, Page 20

Albanian reforms President Ramiz Alia of Albania has proposed sweeping constitutional reforms to dilute the Communist party's monop-oly on power and lift a 1967

Nato chief's visit Nato's top military commander, General John Galvin, will visit Moscow next week, the first such trip since the

10年の日本

.~475 ±09

western alliance was founded more than 40 years ago. Irish poli surprise Dublin barrister and mother-ofthree Mary Robinson looks certain to become Ireland's first woman president against all the odds. Page 2

Arms sales down French sales of weapons abroad halved in 1989 from previous years and are still falling, the Paris daily Le

Terrorist charge A 39-year-old unemployed Leningrad man arrested after two shots were fired during Wednesday's Revolution Day parade in Moscow is to be

carry out a terrorist act. Tehran violence

charged with attempting to

Police quelled fighting between rival factions in Iran's clerical leadership and many people were hurt, a Tehran newspaper reported. It said violence erupted on November 4.

Gandhi rejects offer Former Indian premier Rajiv Gandhi said he had turned down an offer to form a new Indian government and that he would support the claim of veteran socialist Chandra Shekhar. Page 4

Athens curbs cars Cars belching toxic fumes will be banned from the centre of Athens from 1993 to curb the notorious city smog which sends hundreds to hospital every year with heart and

breathing problems. Israeli stabbed A Palestinian stabbed to death an Israeli prison guard as residents of the Israeli-occupied

West Bank and Gaza Strip

been found in Wales. Its exact

location is being kept secret.

British author Lawrence Dur-

andria Quartet series of novels about life in pre-Second World War Egypt, died in the south

rell, best-known for the Alex-

of France aged 78. Page 17

Durrell dies

marked the killing of 18 Ārabs on Jerusalem's Temple Mount one month ago. Bangladesh battle Handreds of riot police fought nearly 3,000 Bangladeshi stu-dents with batons and tear gas half year ended September 30.

to stop a march in protest at closure of Dhaka University. Bronze Age village A bronze age village, possibly more than 3,000 years old, has

J.P. MORGAN, US commercial bank, is opening a Latin American corporate finance group in London. Page 25



Communism's enforcers now?

Business Summary EC offer on cut in farm subsidies is 'inadequate'

European Community's agreement to offer a 30 per cent cut in farm subsidies was described as "inadequate" by the US and its allies at the Uruguay Round trade talks in Geneva. Page 20

GROUPE BULL, troubled French computer manufacturer, is to cut a further 5,000 jobs worldwide and close seven of the company's 13 manufac-turing sites in a move designed to return the group to profit-ability within two years. Page

BRITISH PETROLEUM and the Royal Dutch/Shell group faced criticism over enormous increases in third quarter reported earnings on the back of higher oil prices. Page 21

FIFTEEN leading developing countries warned that they would not accept a last-minute deal made at their expense by the major trading powers in the Uruguay Round trade talks. Page 6

POLLY PECK: Director of London's Serious Fraud Office has strongly defended its tactics following the recent raids on Polly Peck International and a company closely linked to its chairman and chief executive, Mr Asil Nadir. Page 20

DOW JONES, publisher of The Wall Street Journal and the von Holtzbrinck Group of Ger-many, which publishes Han-delsblatt, the leading German business daily, unveiled a new joint venture to co-operate in current and future English-language publishing in Europe.

SMITHKLINE BEECHAM, Anglo-American drugs and consumer products group, pushed up pre-tax profits by 30 per cent in the third quarter to £218m (\$422.92m). Page 26

INDUSTRIVARLDEN, the affiliated with Svenska Han-delsbanken, sold its 5.6 per cent voting stake and 2.2 per cent equity stake in Volvo to Renault for SKr260m (\$47m).

CARBUROS METALICOS, Europe's third largest producer of ferro-alloys and industrial gases, received a bid of Pta14.8bn (\$157m) for 25 per cent of its shares from the Banesto banking and indus-

trial group. Page 21 JAPANESE corporate profit growth, which has been one of the main features of the country's booming economy

in the past four years, is finally slowing. Page 23 **HONGKONG Telecommunica**tions, local subsidiary of Cable and Wireless of the UK. announced profits attributable to shareholders up 17 per cent at HK\$2.42bn (\$311m) for the

DAIHATSU Motor, Japanese motor manufacturer, reported an 8.2 per cent increase to Y6.7bn (\$51.5m) in first half pre-tax profit. Page 23

CHICAGO'S two main futures exchanges could soon finalise their agreement with Reuters on the Globex electronic trading system. Page 24



Tomorrow: The secret policeman's fall - where are

A controversy on the slopes of Everest

US boosts its Gulf forces with 100,000 more troops

THE US is sending two more heavy armoured divisions with up to 100,000 extra men to Saudi Arabia, strengthening the ability of the American-led multinational force to mount an offensive to liberate Iraqioccupied Kuwait.

The deployment of as many as 600 additional tanks and extra ground forces to the Gulf theatre is expected to take up to two months, pushing the date for a possible military counter-attack against Iraq

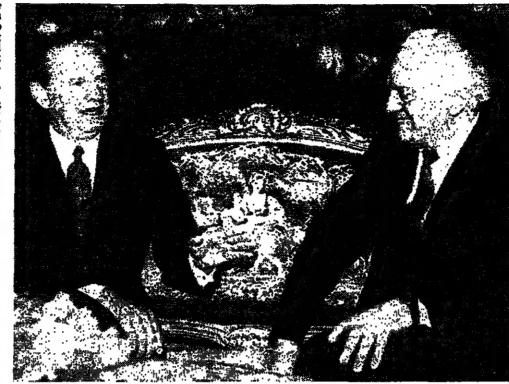
into the new year.

Western diplomata said the alliance wanted to examine the effect of sanctions on Iraq before considering further mili-tary options. This view is shared by other permanent members of the United Nations Security Council and by President Hosni Mubarak of Egypt. In Moscow last night, Mr Eduard Shevardnadze, the

Soviet foreign minister, refused to rule out the use of force against Iraq, but insisted that political methods must come As talks with Mr James

Baker, US secretary of state, continued late into the evening, the two sides reiterated their shared determination to demand the unconditional withdrawal of Iraq. Both emphasised the desirability of a political settlement, but neither would rule out a military alternative.

Mr Shevardnadze insisted that any military option should be taken "within the frame-work of the Security Council". In an interview with the New York Times, President Mubarak said the international coalition should wait "at least two to three months" to deter-mine whether economic sanc-



US secretary of state James Baker (left) talks to Soviet foreign minister Eduard Shevardnadze during their talks on the Gulf crisis in Moscow yesterday

tions could force President Saddam Hussein out of

The deployment of two more US armoured divisions equipped with the latest MIA-1 tanks and backed by support staff could bring the number of US forces in the Gulf to more

than 330,000.

Mr John Kelly, US assistant secretary of state, informed the Nato allies in Brussels yesterday about the new deployment

but also told them that sanctions against Iraq should be given time to work.

The US, meanwhile, is also

canvassing support for a UN resolution which would authorise force against Iraq unless it withdraws from Kuwait. The combination of diplomatic, mil-itary and political presssure is intended to show Mr Saddam that the US is not bluffing. It emerged yesterday that Mr Saddam had recently sacked Gen Nizar Abdul-Karim Khazraji, his army chief of staff, indicating differences in Baghdad over the handling of the Gulf crisis.

The Iraqi government news-paper al-Jumhuriya, mean-while, issued a threat that the whole Arabian peninsula would be reduced to ashes if Iraq was attacked.
In London, Mr Tony Benn, a

Continued on Page 20 Iraqi sacking, Page 4

so-called Piaza meeting in New York in 1985 which stemmed

It was then modified by the Louvre agreement in 1987 after

the dollar's rise.

UK, French paper groups in merger By John Thornhill in London

and George Graham in Paris

WIGGINS Teape Appleton, the UK paper company, yesterday unveiled a complicated merger deal with Arjomari-Prioux, the French specialist papers busi-ness, which will create Europe's largest paper mer-chanting and distribution busi-

On a comparative basis, the combined turnover of the two been £2.5bn (\$4.9bn), making it the third-biggest paper company in Europe overall in terms of sales.

WTA is to issue 315.51m shares – worth £498m at WTA's ex-dividend share price to Arjonari in exchange for nearly all of the French com-pany's assets. These shares will represent 39 per cent of

WTA's enlarged share capital.
The board of WTA will be expanded from five to 11 direc-tors following the merger, although the executive management will be largely left to WTA's existing directors, including Mr Stephen Walls as chief executive.

Two Arjomari directors will, however, join the board in an executive capacity, including Mr Pierre Dufournier, Arjomari's director-general, who will become deputy chief executive. Mr "Cob" Stenham, a former director of Unilever and currently chairman of Bankers Trust's European operations, will assume the role of non-ex-

Ariomari will retain a listing on the Paris bourse, but will be transformed into a shell company, containing only a head-quarters building, a FFr500m (\$98m) cash pile, and the 39 per cent stake it will receive in WTA Arjomari has agreed to a one-year standstill arrange-ment regarding this stake, pro-vided no offer is made for WTA

in the meantime.

Analysts welcomed the industrial logic of the merger although some suggested that the proposed deal might pro-voke a pre-emptive bid from a rival paper company. Lex. Page 20; Background, Page 27

France moves to stop dollar's slide If this were so, it might be-necessary to redefine the tacit exchange rate fluctuation bands agreed by the G7 at the

THE FRENCH government is pressing for a meeting of the Group of Seven leading industrial countries to try to stem the dollar's decline in the foreign exchange markets.

Mr Pierre Bérégovoy, the French finance minister, said yesterday that a G7 meeting to discuss possible action would take place as soon as the pre-liminary arrangements had been completed by representa-tives of finance ministers. "I do not believe it is in the

long-term interests of the United States to have too marked a fall in the dollar. It is in our interests to have

exchange rate levels which are justified by the economic situa-tion," Mr Beregovoy said. He said he had written to Mr Nicholas Brady, US Treasury secretary, on October 26 to

urge measures to strengthen international monetary co-operation, and that Mr Brady had agreed with him on this. Copies of the letter were sent to the other five G7 countries - Germany, Japan, the UK, Canada and Italy. French officials refused to

indicate any possible date for a G7 meeting, or whether they believed the dollar exchange rate, which has dropped by 10

per cent since July to below FFr5.00, had already fallen too

weaker dollar has helped European economies such as France and Germany, both by reducing the cost of oil in domestic currency terms, and by helping to keep the lid on inflationary pressures by strengthening their exchange

growing increasingly worried over whether the US Treasury has adopted a policy of allow-ing the dollar to weaken with the aim of boosting exports.

the dollar had dropped sharply in a period of financial market instability. Some European monetary officials, however, have been

If, however, the US is still committed to the present fluc-tuation bands, then a firm G7 statement might be enough to correct a "misunderstanding" by the foreign exchange mar-kets, officials say.

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UK faces lower output, rising unemployment, Major warns By Peter Norman, Economics Correspondent, in London

BRITAIN faces a bleak winter Economists praise political

of falling output, rising unemployment and tight controls over public expenditure, Mr John Major, the chancellor of the exchequer, made clear yesterday.

Presenting the Thatcher gov-ernment's annual Autumn Statement on the economy, Mr Major announced, as expected, that the public expenditure planning total would burst through the £200bn (\$388bn) barrier in the coming financial But the final £200.3bn figure,

reached after gruelling negotia-tions between Mr Norman Lamont, the Treasury chief secretary, and spending minis-ters, was at the lower end of City of London expectations.

Although Mr Major avoided using the word recession, his statement was presented with grim government forecasts of lower output in the present • minimal year-on-year eco-nomic growth of ½ per cent in

· a drop next year in manu-

Twelve candidates are

standing for president

A budget without the bally-...Page 8 Main pointsPage B Editorial comment: Slide into recessionPage 18 ..Page 18 Hardly a curePage 20 Lex: ..Page 31 Stock markets . CurrenciesPage 38

.....Page 8

 falling profits and business investment this year and next.
 The Autumn Statement does not forecast unemployment. But in calculations, the government actuary has assumed average unemployment of 1.75m in Great Britain in 1991-92 against 1.62m in the

current financial year.

The reaction of financial markets to the speech was subdued, partly because of renewed fears of war in the Gulf. Sterling closed down % of a pfennig at DM2.9275, having risen above DM2.9369 before the Mr Major's speech.

Share trading was very quiet and the FT-SE 100 index closed at 2,036.2, down 23 points on the day.
Industry's reaction was mixed. Mr Major's confirmation that next year would be tough was tempered by news

of increased government spending on transport.

There were some pieces of good economic news in Mr Major's sober and cautious statement. He forecast that retail price inflation should fall this month and decline very sharply from next April to an

annual rate of 5.5 per cent by the fourth quarter of next year. He said the economy is expected to grow by over 2 per cent in the course of 1991, indicat-ing a considerable recovery by the end of next year from its low point. Mr Major was able to con-found predictions that the gov-

ernment would have to reverse existing policies and raise over-all public expenditure as a portion of national income. He said general government expenditure, excluding the pro Continued on Page 20

MARKETS STERLING

New York lun \$1.9715 London: \$1.9675 (1.9765) DM2.9275 (2.93) FFr9.8225 (9.8225) SFr2.4575 (2.4575) Y255.5 (253.25) £ index 94.4 (94.3) GOLD

New York: Comex Dec \$388.9

SFr1.2485 (1.2435) Y129.85 (128.10) \$ index 60.5 (59.9) Tokyo close: Y129.5 US lunchtime rates Fed Funds 713% 3-mo Treasury Bills: yield: 7.3% Long Bond:

S&P Comp 308.23 (+2.22) Tokyo: Nikkei 22,969.81 (-530.44) LONDON MONEY closing 13¾ % (13⅓) Lifte long gift fu

STOCK INDICES

2,036.2 (-23.0)

1,574.9 (-15.9)

FT-A All-Share

983.53 (-1.0%)

New York kunch

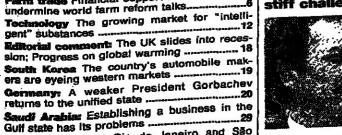
2,443.56 (+2.72)

DJ Ind. Av.

FT-SE 100:

FT Ordinary:

CONTENTS **Presidential pretenders face** Farm trade Financial support for farmers may stiff challenge in Guatemala



Markets: Why the Rio de Janeiro and São Paulo stock exchanges are merging ---2-3 Britain 8,10
21-22 Companies 25-22
5 Arts Guide 16-17
21,23 Commercial Law 11
4 Commodities 30 21,23

winner will inherit a country beset by problems of poverty, politi-cal violence, drugs, and a guerrilla war which former leader Vinici Cerezo (left) was unable to solve

Stock Markets -London Technology

\$388.0 (387.25) N SEA OIL (Argus) Brent Dec \$33.825 (33.825) Chief price changes

New York 1 DM1.4868 FFr4.99

SFr1.2478

DM1.488 (1.482) FFr4.9925 (4.97)

Y129.6

By Kieran Cooke in Dublin

MRS MARY ROBINSON was last night set to become ireland's first woman president in a significant upset in Irish

Under the transferable vote system the official election result is unlikely to be declared until later today. But if early trends are confirmed and Mrs Robinson, the candi-date of the Labour Party and the Workers Party, is elected it will be a considerable upset for Mr Charles Haughey, the prime minister, and his Fianna Fail party, which has domi-nated political life since the foundation of the Irish state. Mr Brian Lenihan, the

Fianna Fail candidate, seemed likely to receive more first preference votes than Mrs Rob-inson. However, when votes are transferred from Mr Austin Currie, the candidate of the main opposition Fine Gael party. Mrs Robinson will probably emerge as the winner.

Last week Mr Leniham, 60, was sacked by Mr Haughey as deputy prime minister and deputy prime minister and minister of defence, after being accused of lying about telephone calls he allegedly made some years ago to the president, in order to gain political advantages for Fianna Fail.

Mrs Robinson, 46, a barrister

and long serving member of the Irish Senate, appears to have done particularly well in urban areas, winning a major-ity of votes in Dublin and other cities. Mr Lenihan won votes in rural areas, though in some parts of the country -regarded as Fianna Fail strongholds — Mrs Robinson did unexpectedly well. Mrs Robinson is believed to

have won a particularly high proportion of women's votes. Though the Irish president has few constitutional powers, a victory for Mrs Robinson is seen as heralding a change in Irish politics. It would also be regarded as a defeat for Fianna Fail and its style of politics, perceived by many to be outdated and based on patronage and favouritism.

Mrs Robinson's election will lead to problems for Mr Haughey. Many in his party are unhappy at the dismissal of the popular Mr Lenihan.



Prime Minister Mazowiecki (left) and Chancellor Kohl at yesterday's talks

Kohl speeds border treaty in concession to Poland

By Leslie Colitt in Frankfurt an der Oder

CHANCELLOR Helmut Kohl. in a significant concession to Poland, has agreed to an early signing of the German-Polish treaty recognising their 1945 Oder-Neisse frontier as final. After a meeting at the Polish

border yesterday with Prime Minister Tadeusz Mazowiecki, the Chancellor said German and Polish foreign ministers would sign an historic border treaty in Warsaw later this

Bonn had previously insisted the border treaty could not be signed before completion of a second treaty with Poland on economic, political and cultural co-operation. The two leaders agreed that this accord would be presented next Febru-ary for ratification by their respective parliaments.

Mr Kohl welcomed the Pol-ish premier to Frankfurt an der Oder as the first foreign leader to visit a reunited Germany. He said Bonn hoped shortly to allow Poles to travel to Germany without visas.

Mr Mazowiecki expressed gratitude that Germany would be the first European country eliminate visa requirements for his countrymen. In practice, the step means Poles will be able to travel on to France and the Benelux countries without visas.

The German and Polish leaders agreed to a series of imme-diate moves to improve economic links between their countries. The Autobahn across the Oder river at Frankfurt is to be widened to three lanes in either direction and customs controls greatly simplified. They also endorsed a boost in trade and economic co-operation across the Ger-

man-Polish frontier.
Mr Dieter Vogel, a German government spokesman, noted that the Bonn government might consider offering government incentives for private German industry to invest in roads, bridges and other badly needed infrastructure projects in western Poland, which until 1945 belonged to Germany. Chancellor Kohl held out the prospect of workers freely crossing the German-Polish border to their jobs in much the same manner as at the German-French frontier. Poland, he said, should become an associate member of the Euro-pean Community and eventu-ally, with Czechoslovakia and Hungary, a full EC member. Mr Kohl and Mr Mazowiecki

drove across the bridge span-ning the Oder into Slubice, jolt-ing the Polish town out of its mid-afternoon torpor.

and Mr Mazowiecki is running for president on November 25. But the Polish leader's posters were heavily outnumbered by those for Mr Lech Walesa, his election opponent. Fiat offers Poles deal, Page 6

mid-afternoon torpor.

The chancellor commented on election posters for Mr Mazowiecki – "Our Premier, Our President" – which were placed overnight at strategic points in the town. Mr Kohl faces elections on December 2

More cash for BBC World Service

By Raymond Snoddy

THE BBC World Service is to be given a significant increase in funding by the British Gov-ernment, mainly to pay for higher editorial standards and increased re-broadcasting of programmes in east Europe. New transmitters will also

be installed to improve the audibility of broadcasts to east Europe, the Soviet Union and the Indian sub-continent. The new three-year funding will total £501.6m: £159.5m in 1991-92, a real increase of 6 per cent; £166.3m in 1992-93; and £175.8m in the final year.

Mr John Tusa, managing director of the service, said he was glad the government had recognised that just as the 1980s were the years of improv-ing the audibility of broad-casts, the 1990s should be the years when more money was

put into programmes. Earlier this year the BBC agreed to drop services in Jap-aness and Malay in return for more funding for east Euro-pean, Chinese and Vietnamese

There will also be a real increase in the British Coun-cil's funding to cover particolarly the advancement of English learning in eastern

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Greek state sector sales proposed

GREECE'S conservative government has proposed leg-islation allowing it to sell 49 per cent of state-controlled corporations to the private sector, AP reports from

The bill refers specifically to the Agricultural Bank of Greece - one of the country's Airways, the national carrier, and its subsidiaries.

The bill also entitles the state to sell off the Bank of Crete, a former private bank that was nationalized after its owner and chairman was accused of embezzling about

The scandal helped bring down the socialist governmen

The legislation also compels companies to have minimum equity capital of 500m drachmas (\$3.3m) to enter the stock exchange, abolishing a system whereby their shares were underwritten by banks for the first six months.

Italy re-opens more old wounds for new purposes Secret operation revelations have set the conspiracy theorists alight, writes John Wyles TALIAN politicians have a seem-ingly boundless interest in refight-ing old battles. The past is never fully buried; not because of a peculiarly Italy's media or its politicians at their best. Innuendo is rife and old wounds have been re-opened for contemporary purposes: to discredit the Communist

heightened sense of history, but rather because so many events, from terrorist outrages to right-wing coup plots, have never been fully explained.

Those who believe that certain terrible events in the republic's recent history have been shaped by a hidden hand, have seized upon a bizarre exercise known as Operation Gladio, alleg-edly inspired by the North Atlantic Treaty Organisation.

Details were first revealed two weeks ago, when Mr Giulio Andreotti, the Italian prime minister, sent a report to parliament – apparently two pages shorter than the original draft – on a clandestine Nato operation dedicated to creating an underground resistance force of 1,000 soldiers and civilians in the event of a military occupation of

Mr Andreotti's hand was forced by an energetic Venetian magistrate, Mr Fel-ice Casson, whose inquiries into a terrorist murder took him into the archives of the domestic secret service Sismi, where he found Gladio records. Subsequent events have not shown

Party (PCI), to discredit and force the resignation of President Francesco Cossiga (who has said be was proud to be involved in organising Gladio as a junior defence minister in 1965), and to belittle past prime ministers Bettino

Craxi and Giovanni Spadolini.
In sum, they are intended to further personal and party ambitions before next year, which will see early elections and party trading over who should succeed Mr Andreotti as prime minister next year and Mr Cossiga in 1992.

Deriving its name from an ancient Roman sword with a short wide blade, the modern Gladio hes still not heep

the modern Gladio has still not been officially disbanded. Created with the help of the US Central Intelligence Agency after 1966, it was equipped with arms caches which, according to Mr Andreotti, were recalled in 1972, although two went missing.

Operational management of Gladio was passed from Nato to Sismi in 1980. The prime minister's report said that British intelligence helped to organise similar networks in France, the NetherWas Gladio a precautionary product of the 1950s military mind which has lain dormant because Italy has remained unoccupied? Or was it itself occupied by obscure right-wing domes-tic forces, at one time possibly manipu-lated by the CIA, dedicated to warding off the dominant political nightmare for the US and its allies – the possible election to government of the Communist Party.

nd were these forces prepared to bomb and maim the many innocent civilians caught up in terrorist strikes which began in Milan's Piazza Fontana in 1969 and led to more than 80 deaths at Bologna station in

Gladio is rich and fertile soil for Italian conspiracy theorists precisely because of proven past links between the secret services and neo-fascists. Vio-lence has been a tactic of the extreme right a well as the extreme left and here are even those who believe that the hard-left Red Brigades themselves may well have been manipulated into murdering former prime minister Aldo Moro by a guiding right-wing hand determined to eliminate the man who appeared to be preparing the PCI for

The question as to who has known about Gladio over the years has become a burning one. Former Christian Democrat (DC) premiers and ministers of defence say they were informed by the secret services the only two populor. defence say they were informed by the secret services; the only two non-DC premiers, Mr Spadolini and Mr Craxi, have said they were not.

But then Mr Craxi was shown a piece of paper which he had signed in 1984, about a year after becoming prime minister. He revealed to a special press conference on Wednesday that the paper did not talk of Gladio by name but of the existence of an organisation

but of the existence of an organisation "for conducting an unorthodox war on national territory if it is occupied by enemy forces, in direct support of military operations by Nato forces". He did not inquire further but is telling Mr

not inquire further but is telling Mr Andrectti to reveal more.

Nato in Brussels has refused to confirm the existence of Gladio, but it did label as "incorrect" statements attributed to a spokesman at Supreme Headquarters Allied Powers Europe (Shape) in Mons that no such network ever existed. It was longstanding practice, said the Nato spokesman, not to give information on matters of military secrets.

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an extraordinary general meeting (the "EGM") of the holders of Ordinary Shares and holders of Preference Shares in JF Pacific

Warrant Company S.A. (the "Company"); a separate class meeting of the holders of Ordinary shares in the Company (the "Ordinary Shares Class Meeting"); a separate class meeting of the holders of Preference Shares in

the company (the "Preference Shares Class Meeting"). The EGM is to be held at the registered office of the Company on

The Ordinary Shares Class Meeting is to be held at the registered office of the Company on 16th November, 1990 at 4:00 p.m.

16th November, 1990 at 3:30 p.m.

The Preference Shares Class Meeting is to be held at the registered office of the Company on 16th November, 1990 at 4:30 p.m.

The purpose of all three meetings will be to consider separately, and if thought fit, to pass the following resolution which will be proposed as a special resolution:

- 1. THAT, conditional on the passing of the Resolutions to be proposed at the separate class meetings of holders of Ordinary Shares and holders of Preference Shares convened for 16th November 1990-
- (a) the authorised share capital of the Company be and it is hereby increased by the creation of a further 2,500,000 Ordinary
- (b) the issue by the Company of 1,250,000 new Ordinary Shares of a par value of United States Dollars two (U.S.\$2) each on the first business day in London and Luxembourg following the Record Date (as defined below) (the "Closing Date") by the capitalisation of United States Dollars two million five hundred thousand (2,500,000) of the realised profit of the Company for the year ended 30th June, 1990 be and it is hereby approved, such new Ordinary Shares to be issued to holders of Ordinary Shares in registered form on the register of members of the Company at close of business on 19th November, 1990 (or in the event any of the necessary Meetings are adjourned, on the first business day in London and Luxembourg following the passing of all of the necessary resolutions at such Meeting(s) (the "Record Date") and to holders of Ordinary Shares in bearer form against production of coupon(s) in respect of such bearer Ordinary Shares in such manner as the board shall prescribe, in each case in the ratio of one new Ordinary Share for every four Ordinary Shares in registered form so held and/or (as the case may be) every four Ordinary Shares in bearer form in respect of which coupon(s) is/are produced, all as more particularly set out in the Circular;
- (c) the issue by the Company of 1,250,000 Warrants having the rights and being subject to the conditions set out in Part II of the circular letter to holders of Ordinary Shares and Preference Shares in the Company dated 25th October, 1990 (the "Circular") on the Closing Date be and it is hereby approved, and that such Warrants be issued to holders of Ordinary Shares in registered form on the register of members of the Company at close of business on the Record Date and to holders of Ordinary Shares in beater form against production of coupon(s) in respect of such bearer Ordinary Shares in such manner as the board shall prescribe, in each case in the ratio of

one Warrant for every four Ordinary Shares in registered form so held and/or (as the case may be) every four Ordinary Shares in bearer form in respect of which coupon(s) is/are produced, all as more perticularly set out in the Circular.

2. The EGM will consider further amendments to the Articles of Incorporation which are required to be made as a direct result of legislative changes in Luxembourg whilst other amendments reflect the decision of the Board Directors of the Company to update the Articles of Incorporation.

The wording of the proposed amendments is available on request to the Company.

In summary, the amendments contemplate:

to provide for an unlimited life of the Company: to amend the Articles to reflect the changes in the authorised and issued share capital of the Company pursuant to

resolution I: to provide for how the Net Asset Value of the Company should be determined and to what extent the issue of the warrants will be taken into account to reflect the Net Asset Value of the Ordinary Shares on a diluted basis;

to further define the liabilities to be deducted in calculating

the Net Asset Value of the Company; to rule the circulation of copies of the directors reports, balance sheet, profit and loss account of the Company to

to determine the provisions for the election of the Chairman

of the meeting of shareholders; to define the authority of the Board to determine the corporate and investment policy and the course of conduct of

the management and business affairs of the Company; to delete the reference to a stanutory auditor and qualifying shares for the directors, which requirement has been removed by recent legislative change.

By order of the Board of Directors, Jean-Michel Gelhay, Secretary

Dated 25th October, 1990

- 1. The quorum for the EGM and the Class Meetings is each time holders present in person or by proxy of 1/2 of the shares entitled to vote on the resolution. In order to be carried, a special resolution should be passed by a majority of not less than 2/3 of the shares represented at the EGM or at the respective Class Meetings.
- 2. A shareholder is entitled to appoint a proxy to attend and vote instead of him. A person appointed to act as a proxy need not be a shareholder. To be valid white Forms of Proxy in respect of Ordinary Shares and Preference Shares in bearer or registered form should be returned to the office of the Registrar, Banque Internationale à Luxembourg S.A. at 2, Boulevard Royal, Luxembourg and blue Forms of Proxy in respect of Ordinary Shares and Preference Shares in registered form only should be returned to the office of Barclays Registrars, P.O. Box 34, Octagon House, Gadbrook Park, Northwich, Cheshire CW9 7RD, in each case so as to arrive not later than forty eight hours before the time of the meeting at which the proxy is to vote. In order to be entitled to vote at the Meetings either in person or by proxy. holders of Ordinary Shares and Preference Shares in bearer form must in addition deposit the certificates in respect of their Ordinary Shares and Preference Shares with the Registrar at the above address, at least five clear days in advance of the Meetings.

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Brusse telecci By Tim DICASC BRUSSELS another markets : pean Commis and Decara. anti-monfic. had bees two members

Brussels Se. governmen: introduced in sive rights ... cation: ELECTIONS : Comi to rei

By Laura Silber THE DAME ! outher. facedona. retain b. ... នន ២៥៤៦ មិន។ and for the 🗅 istor, carrenubilear 👑

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Pour etre price et a Rample Array

EC clears insurance hurdles

By Tim Dickson in Brussels

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THE WAY

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EFFORTS to open up the still fragmented European market in insurance services were rewarded yesterday with the adoption by EC internal market ministers of two new direcket ministers of two new direc-

tives.

The agreement between them is only a relatively small step towards the final goal of full liberalisation in the sector. but from the European Com-mission's point of view it keeps the momentum going ahead of the negotiations next year on

BRUSSELS yesterday claimed another two scalps in its long battle to open up national

markets in telecommunica-

tions terminal equipment.

A spokesman for the European Commission said legal

proceedings against Ireland and Denmark for breaking EC anti-monopoly rules had been

dropped now that assurances had been received from the

introduced in May 1988 requiring it to withdraw the exclu-

sive rights of the telecommuni-

cations administration in

Brussels said the Dublin government only partially complied with a directive

By Tim Dickson

Brussels wins two

telecoms battles

much more radical proposals Contrary to earlier expecta-tions, neither of the measures, which come into effect on January 1, 1993, has been altered as a result of a "second reading" in the European parlia-ment. The one on life assur-ance restricts consumers to shopping around for life cover at their "own initiative", but companies will be able to market private pensions and other services more aggressively out-side their home territory with-

relation to the marketing of terminals (faxes, modems, etc).

This was because Telecom

Eirann, the state company, maintained its monopoly in respect of the first telephone

set. However, Telecom Eirann's private sector com-petitors had been told they

could market such equipment on an equal footing.

Other infringement proceedings, meanwhile, had been initiated against Belgium and

Denmark, but the Commission said it had also decided to drop the case against the lat-ter because it had since abol-

ished exclusive rights granted in connection with PABXs.

out being established there. Brokers will be free to oper-ate throughout the EC from 1996, offering life insurance contracts from companies in another country to potential policy-holders who approach

The directive on motor insurance will provide some of the same freedoms which have already been granted in other areas of non-life. The authorities in the consumer's member state, how-

ever, will be responsible for controlling the technical reserves necessary to ensure that any insurance contracts are covered by the resources of

the insurance company.

That restriction, however, will be swept away if the proposed third non-life directive, currently on the council table, is adopted in its present form. The proposal puts all tariffs on a fully commercial basis, so that they will not in future be fixed by governments.

Differences narrow over software copyrights

By David Buchan in Brussels

EC ministers look set to approve much-lobbied computer software legislation before the end of this year, after they narrowed their dif-ferences yesterday on copy-right length and rental rights. The key remaining obstacle is how much licence should be allowed for people to decompile

allowed for people to decompile software for the purposes of making it inter-operable with othe programmes or maintaining it without giving free rein to illegal copying.

Mr Martin Bangemann, the

EC industry commissioner, expressed confidence that the term "maintenance" could be defined in time for the next

meeting of EC internal market ministers on December 13.

Mr John Redwood, the UK trade and industry minister, said that maintenance should be construed as nothing more

programme errors. Both agreed that in the end it would have to be left to the courts to define permissible decompilation of software. Dutch and German reserva-

far-reaching than correcting

tions over software authors retaining rights to rent their products were largely removed, and it was agreed that Ger-many could keep its copyright duration as 70 years after an

Renault job cuts to rise next year

By William Dawkins in Paris

RENAULT, the French state-owned carmaker, is planning to accelerate its job reduction plans next year in response to the steepening decline in European car sales. The group is aiming to lose 4.620 jobs next year, a 6.7 per cent cut in the present work-force of 68.805, say union officials. This compares with the 2,300 jobs lost this year and comes a few weeks after Renault warned that profits would

fall by 60 per cent in 1990.

The company is the latest in a line of big car makers to suffer from the downturn.

Renault is unable officially to confirm the details until offer they are presented to

after they are presented to next Tuesday's staff council. However, officials say the largest single part of the reductions will come from the Billancourt site near central Paris, which had already been earmarked for closure by mid-

Currently, 2,500 people work there making light vans. The group is studying how to reduce the number of straight

"It is no surprise that we are continuing to reduce staff," said an official of the company, which has shed 39,000 European governments spent jobs over the past five years. yesterday morning in private

Pöhl says framework for European bank agreed

BROAD agreement has been reached on the framework for the new European central bank which would operate in the final stage of European eco-nomic and monetary union, Mr Karl Otto Pöhl, the pesident of the Bundesbank, said last night in London.

Mr Pöhl is chairman of the committee of European Com-

munity central bank governors which meets in Basle next Tuesday to decide on the

bank's statutes. The new institution, which ome countries hope could become fully operational

around 1998, would administer monetary policy across Europe and also a new single Euro-

pean currency.
Mr Pohl, speaking at a dinner organised by American
Express Bank, said that officials from EC central banks and governments had reached a "high degree of agreement" on four crucial points related to the new institution.

He warned, however, that much had to be done to convert the basic design of the bank into practical policy. Maintaining price stability would be the bank's prime

also be made independent from political interference, and would have full responsibility for monetary policy across

Europe.
"The latter is a precondition for a central and undivided monetary policy," continued Mr Pöhl. Finally, it would have the

powers to ensure that individ-ual governments did not sim-ply finance their budget deficits by printing money. These powers would be a mechanism designed to reduce inflationary

East brings market plans west

By lan Davidson in Paris

THE MOST select gathering of politicians and economic experts in the history of eastwest relations gathered in Paris yesterday to share their experiences of the transition from the planned to the market economy - with each other and with leaders of the top

western economic institutions.
The economics ministers or top economic advisers of the Soviet Union and five east European governments spent discussion.

These meetings were held at the French Foreign Ministry with the heads of the Interna-tional Monetary Fund, the World Bank, the European Commission and the Organisation for Economic Co-operation

and Development.

In the evening they debated their economic reform plans and prospects before a public audience of leading French industrialists.

The meeting was convened

by the French planning minis-ter as a response to the sense of isolation felt by Soviet and east European governments, and as a way of enabling western institutions to gain a clearer view of the needs of

The Soviet Union was repre sented by Mr Leonid Abalkin deputy prime minister, and Professor Stanislav Shatalin, author of the radical 500-day

ELECTIONS IN MACEDONIA

Communists hope to retain power

By Laura Silber in Skopje

THE ruling communists in the southern Yugoslav republic of Macedonia are expected to retain power in a coalition government after the republic's

first free elections on Sunday. The communists could win as much as a fifth of the votes, and forge an alliance with the League of Reform Forces, Yugoslavia's first nationwide party. The poll will test whether the LRF, led by Mr Ante Markovic, the prime minister, can win support in a

republican election.
The communists' relatively strong support stems from appreciation by the electorate for the late President Tito. He

gave Macedonians their own republic and secured foreign aid in 1964 after an earthquake devastated Skopje, the capital.

Mr Petar Gosey, president of the League of Communists of Macedonia-Party of Democratic Change (LCM-PDC) is confident of a good result. In his view, "the LCM-PDC started the bettle for reforms over a the battle for reforms over a year ago and has rid itself of all Bolshevik elements".

The commitment by both parties to economic reforms is seen as one of the most impor-

tant issues in this campaign. Macedonia, with 1.35m people, is one of the poorest of Yugo-slavia's six republics. Unemployment, at 23 per cent, is among the highest in Yugo-slavia. Last year inflation hit 2,000 per cent.

However, because Macedonia is not ethnically homogenous, it is expected that the 500,000strong ethnic Albanian minor ity will support the Party for Democratic Prosperity, led by Mr Negvat Halili.

The performance of the Macedonian National Front (MNF) will be watched closely. This party is a coalition con-sisting of the Internal Revolutionary Macedonian Organisa tion and the Movement for Macedonian Action. It calls for a Yugoslav confederation of six independent states.

The MNF's strength is derived from Macedonia's increasing conflict with neighbouring Greece and Bulgaria over the status of the Macedonian minority in those country tries, as well as fears that Yugoslavia could be dominated by Serbia, the largest of the republics.

Dumas urges UK 'to follow the movement of history'

By lan Davidson in Paris

MR ROLAND DUMAS. France's foreign minister, yesterday insisted on the necessity of building an economic and political union in Europe, and hoped Britain would "fol-low the movement of history". He told parliament that the objective was to create a "democracy of states", and that each state would have to consent to transfers of sover-eignty. "That is the price to be paid, and let France give a carefully considered example." He stressed that of the 12 member states only Britain

expressed reservations about the plan for union, and ques-tioned whether it had the will to take part. "If that should be the case," he said, "we should regret it, while still hoping for a later change of mind". Mr Dumas insisted on the

need for a common security policy in Europe, and argued that the foundations of a European security organisation should be laid from the start of the inter-governmental conference which EC member states are to open in Rome next month.

INTERMARKET FUND Societe Anonyme 2, bouleverd Royal Luxembourg R.C. Luxembourg B 8622 AVIS DE CONVOCATION

Les actionnaires sont convoqués à assister à une assemblée générale extraordinaire de la société qui se tiendre au siège social, le 15 novembre 1990 à 11 heures et qui délibérera sur l'ordre du jour suivant :

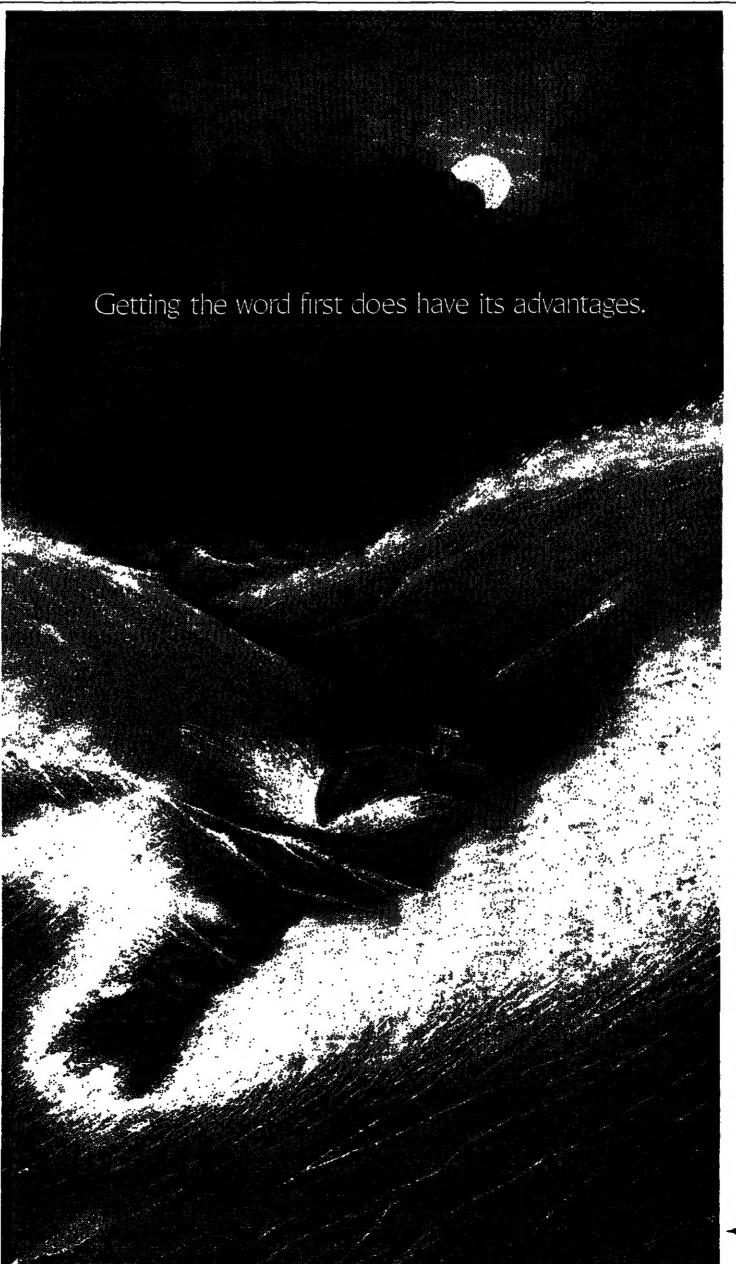
- Modifications des statuts pour les adapter à la loi du 30 mars 1988 sur les organismes de placement collectif et à certaines modifications de la loi du 10 août 1915 sur les sociétés commerciales, notamment par modification des articles 3, 12, 13, 20, 23 al. B (e), 25 et 30.

Il est porté à l'attention des actionnaires que le quorum requis pour les résolutions est de 50% des actions en circulation et que les résolutions y afférentes peuvent être votées par une majorité des 2/3 des actions représentées.

Pour être prise en considération les procurations doivent être reçues au siège de la société au plus tard à 17 heures la veille de l'assemblée générale. Les détenteurs d'actions au porteur sont requis de déposer leurs actions suprès de la Banque Internationale à Luxembourg, 2 boulevard Royal, Luxembourg ou apprès de la Banque Arabe et Internationale d'Investissement, 12, Place Vendôme, 75001 Paris.

Des formules de procuration contenant le texte intégral des status tel que modifié sont disponibles au siège de la société et auprès de la Banque Arabe et Internationale d'Investissement.

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The state of the s

By Kevin Brown in Canberra

THE telecommunications market in Australia is to be opened to unlimited competition by 1997, Mr Bob Hawke, the prime minister, said yester-

The government had previously announced that limited competition would be introduced through the sale of the government-owned Aussat satellite organisation to the pri-

Aussat will form the basis of a competitor to a governmentowned telecommunications



Hawke: enthusiastic reformer company to be formed through

a merger of Australia Telecom, the monopoly domestic carrier, However, Mr Hawke said the duopoly would be terminated in mid-1997, paving the way for other operators to enter the market to provide competition

in network services.

The decision is a victory for Mr Paul Keating, the treasurer, who opposed the merger of Telecom and OTC and pressed for maximum competition in telecommunications. Mr Kim minister, said the proposals would give Australia the highest level of telecommunica-

tions competition in the world. The government plans to sell Aussat to a consortium of for-eign and Australian companies by the end of next year. Preference is likely to be given to consortia with strong Australian participation, and Australian participation, and Australian lian majority ownership may be required in the long term. Several companies have already expressed interest in Aussat, including TNT and Pacific Dunlop in Australia, British Telecom and Cable & Wireless in the UK. New Zealand Telecom, and Bell South, US West and AT&T in the US. Aussat will be sold on the basis that it will be allowed to compete with Telecom/OTC in providing a full range of ser-vices using both satellite and

terrestrial technology.
The government also plans to allow full resale of domestic and international capacity from next year, and will license a third mobile tele-phone operator to compete with Aussat and Telecom/OTC. Further mobile licences may

Mr Beazley said the intro-duction of a second network carrier would cut domestic telephone charges by up to 40 per cent and create thousands of jobs. The privatisation of Aussat is strongly opposed by the telecommunications union. Telecom productivity is poor compared to similar overse companies, and some analysts say that up to a third of the 90,000 workforce of the merged Telecom/OTC may have to be made redundant.
In other announcements, the

ernment confirmed the sale to the private sector of 49 per cent of Qantas, and 100 per cent of Australian Airlines, the leading domestic airline. The limit on individual foreign shareholdings will be raised from 15 per cent to 25 per cent, with an aggregate limit of 35 per cent for Qantas and 40 per cent for Australian Airlines. The government is also con-sidering licensing a specialist international freight carrier, for which the most likely can-didate would be TNT, which aiready owns 50 per cent of Ansett Airlines, the second

largest domestic carrier.
The shake-up in telecommunications and aviation is part of a series of structural reforms which have become the centrepiece of Mr Hawke's fourth administration, elected in March. Other areas of reform include federal/state relations, road and rail trans-port and the labour market.

By Victor Mailet, Middle East Correspondent

PRESIDENT Saddam Hussein of Iraq's decision to sack his military chief-of-staff is the latest sign of dissent within the Iraqi leadership over the han-dling of the Gulf crisis three months after Iraq's invasion of

Gen Nizar Khazraji, a hero of the 1980-1988 Gulf war with Iran, was replaced by his dep-uty Gen Hussein Rashid, the commander of the elite Repub-lican Guards who spearheaded the lightning assault on Kuwait on August 2.

No formal announcement

army newspaper, mentioned Gen Rashid's new title in a report about a graduation ceremony at a military academy. Gen Rashid is thought to be a relative of Mr Saddam from the Takriti çlan.

The sudden changeover surprised western analysts. Although Mr Saddam takes personal control of Iraqi policy at almost every level, the chief-of-staff would be responsible for organising the defence of Iraqi positions in Kuwait in the event of war. In London the New Umma

group, said Mr Khazraji was fired for failing to report a letter he received from retired army officers urging him to "do something" to avert the possible catastrophe facing raq because of its confrontation with the multinational

were quoted as saying that Mr Khazraji had been promoted to a "non-job" as a special military adviser to President Saddam. Opponents and potential rivals of Mr Saddam have often

forces in the Gulf. US officials in Washington

usually have reason to be thankful. The move comes less than three weeks after Mr Saddam

sacked Mr Issam Chalabi, the oil minister, in a dispute over fuel rationing, and gave the portfolio to Mr Hussein Kamel. The powerful Mr Kamel, the minister of industry and military industrialisation, is another Takriti and a son-in-law of Mr Saddam.

With international economic sanctions beginning to bite, Mr Chalabi had announced rationing to economise on additives used in refining crude oil. Mr Saddam fired him and officially cancelled the ration system, apparently in response to wide spread public discontent. Iraqi officials said the Oil Ministry had "miscalculated" the consumption of additives.

In a further sign of confusion in Iraq, the New Umma Party said that Gen Abdul-Jabbar Muhsin, the editor of al-Qadi-siya, had also been sacked, but not in connection with the military reshuffle. The newspaper published a

story quoting one of Mr Sad-dam's sons as saying that his

wanted to be a shepherd, and that he and his brother were saving up to buy their father 200 sheep.

"The article has been the target of widespread public sar-casm," said the New Umma Party, "That issue of al-Qadisiya has been withdrawn from

the streets of Baghdad." There also appears to be uncertainty in Baghdad about the wisdom of continuing to hold foreign hostages. Hundreds are deployed as "human shields" at strategic sites around Iraq to deter allied

Japan's troop deployment ends in theatre of the absurd

The attempt by Tokyo to change its constitution revealed a vein of incompetence, Ian Rodger writes

THE withdrawal of the controversial bill that would allow the Japa-government to send troops overseas on peacekeep-ing missions brings an end to sodes in Japanese politics in recent memory.

It has revealed a rare vein of incompetence not only in the

Liberal Democratic Party (LDP), which has ruled the country with a steady hand for 35 years, but also in the awe-some bureaucracy that actually runs the government.

Japanese politicians and bureaucrats have become accustomed to heavy pressure from the US on trade issues and usually acquit themselves well in the seemingly endless series of bilateral confrontations. But this time, faced with US pressure on an issue involving international security and political issues, they proved unable to rise above the bitter internal arguments that are the normal prelude to their decision making.
In the weeks following Iraq's invasion of Kuwait, the government was paralysed, unable to decide how to contribute to the international effort in the Guif. Then, when the US and other western countries became increasingly frustrated with this behaviour from the country that relied most on Gulf oil, political leaders and top bureaucrats appeared to panic. In a now famous display of government disarray, Mr Toshiki Kaifu, the prime minister, went on national television on August 30 to announce

had secured cabinet approval for the funds to pay for them. However, the only figure he felt able to mention was the sum of \$10m (£5.1m) earmarked for emergency assistance to

Barely 12 hours later, after the telephone lines between Tokyo and Washington had been humming, the Ministry of Finance announced that in fact \$1bn would be given to the multinational forces (subsequently raised to a total of \$4bn over a longer period and

to a variety of recipients). The widespread interpretation of whitespread interpretation of this volte face, described by one senior Foreign Ministry official as a "public relations catastrophe", was twofold; first that American pressure had been painfully exerted and second that the minister of finance. Mr Ryutaro Hashi-moto, wanted to remind his domestic audience that nobody, least of all the prime minister, committed Japan to spend anything without his personal approval, which had not been available on the night of August 30. It was a classic demonstra-

tion of power politics in Japan by a powerful, ambitious politi-

ithin a few days, it became appearant in became apparent that another part of Mr Kaifu's hastily drawn up plan

to send teams of civilians to
back up the multinational
forces — would flop because
too few people were volunteering. Moreover, many of those who did volunteer were put-

ting impractical conditions on their participation. With US pressure still high for a Japanese share in the human as well as the financial risks of the Guif operation, the focus shifted quickly to drafting in members of the country's Self Defence Force (SDF).

This idea was always bound to be controversial among a people that still has not forgot-ten how easily militarism swept the country in the 1930s, culminating in total defeat in

The Foreign Ministry tried to ease those fears by proposing severe restrictions on SDF participants. They would have to resign before joining the peacekeeping force and they could not wear their uniforms or

carry arms. However, the Self Defence Agency (SDA), which was not even consulted in the early stages of discussion of the peacekeeping bill, was furious with these proposals and lob-ied friendly politicians for a more straightforward role for the SDF. Their representations

were surprisingly well received by Mr Ichiro Ozawa, the LDP secretary general, who is one of the younger generation of politicians, with ambitions at least as big as Mr Hashimoto's, and determined that Japan play its full role as an eco-

the bill finally appeared, it looked like a red flag being waved at a normally pac-ifist bull. It would enable the SDF personnel to be seconded to the peacekeeping force where they could carry arms wear their uniforms and work

I he result was that when

More than that it seemed to give the SDF a vestige of political control over the operation, thus negating the post-war dic-tum that the military is totally

subject to civilian rule. There is much puzzlement in and out of government over why Mr Ozawa, nothing if not canny, would introduce a bill that was almost bound to be defeated. Initially, some

thought he was trying to

embarrass and get rid of Mr Kaifu, by making him the "fall guy" for the hill's failure. But if anyone has been embarrassed by the episode it is Mr Ozawa himself. However. so far, he has escaped recrimi-nation from inside the LDP.

Still, the episode has not been without value. It has helped to spread a better understanding and acceptance within the country that Japan now has to play a role in resolving international prob-lems commensurate with its

economic size.
Yesterday, all the main political parties, with the exception of the Japan Communist Party, agreed that Japan had to participate in the future in United Nations authorised peacekee reactions authorised peaceases ing activities, not only with money and goods, but also with personnel.

A chastened Mr Kaifu said

he expected that better legislathrough consultations between the LDP and the opposition: Many will hope that it is done before another crisis erupts.

Thai prime minister promises a reshuffle

GEN Chatichai Choonhavan, Thailand's prime minister, yes-tarday bowed to military pressure and promised major changes in his coalition cabi-net, including the removal of an outspoken critic of the mili-tary, police captain Chalerm Yoobamrung, Paul Taylor writes from Bangkok.

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He said he would reshuffle his cabinet when he returned from Japan and China on November 16. The promised cabinet changes come just three months after the last reshuffle and reflect crumbling military support for the Chati-chai-led coalition and more widespread criticism of the

government's handling of the economy. Capt Chalerm, a minister in the prime minister's office, has frequently attacked the military establishment. He recently infuriated the military

commanders in a row over a communications vehicle seized by the army.

Pakistan president urges aid reduction

MR Ghulam Ishaq Khan, Pakistan's president, yesterday promised to reduce his country's economic reliance on the US, Farhan Bokhari writes

from Islamabad.

His remarks in parliament came two days before he leaves for Japan where he is expected to meet with the US vice-president, Mr Dan Quayle. This would be the highest level contact between the two countries since the US halfet aid to Pakistan in early October due Pakistan in early October, due to objections about Pakistan's

nuclear programme.

Mr Khan said: "No matter how important foreign aid is for us, we shall not at all compromise our independence and our freedom of action for it." President Khan said that Pakistan wants to maintain friendly relations with the US, "although some problems have arisen recently," an implicit reference to last month's

action by the US.
He also said that Pakistan will honour all its international bilateral agreements. After the Soviet invasion of Alghanistan in 1979, Pukistan has remained one of the largest recipients of US aid after Israel and Egypt, due to its support for the Afghan mujahideen

Israeli soldier killed in border battle

An Israeli soldier was killed yesterday in a gun battle when five Arabs crossed the border from Jordan intent on aveng-ing the killing of 21 Arabs last month by Israeli police, Judy Maltz writes from Jerusalem. Israeli military officials said one of the infiltrators was killed and the other four were taken captive, in one of the most serious clashes on the Israeli-Jordanian in recent

The officials said the infiltrators had crossed the border near the West Bank town of Jericho. The Arabs, one Pales-tinian and four Jordanian policemen in civilian clothes. all armed with pistols and knives, crossed the border at dawn. It was the ninth incident on Israel's eastern border this

"This incident indicates a weakening of control within the Jordanian military forces, stemming from extremism. perhaps even religious extrem-ism," claimed Israel's chief-of-staff, Gen Dan Shomron.

North Korea 'increasing war capabilities'

A WAR on the Korean peninsula would kill as many as 2.4m people in a week and destroy 90 per cent of facilities in both Koreas, South Korea's defence ministry said in a white paper yesterday, AP

reports from Seoul.
It also warned that North
Korea was increasing its war capabilities, with new emphasis on developing chemical, biological and radioactive

weapons.

Although the two Korean states have recently started talks, there are no signs that military tension would be eased in the near future, the paper said.

It added that a non-aggress sion pact such as that drafted by the North Korean prime minister could upset the deli-cate military balance further in favour of the North.

Indian president reluctant to call on Shekhar as next PM

By David Housego in New Delhi

THE HOPES of Mr Chandra Shekhar, the rebel Janata Dal leader and the main contender to be India's next prime minis-ter, ran into trouble yesterday because of President R. Venkaaraman's doubts about the stability of such an administration. In a crowded day of consulta-In a crowded day of consulta-tions, the president, as expec-ted, offered the premiership to Mr Rajiv Gandhi, the Congress party leader and to Mr L.K. Advani, the leader of the Hindu radical BJP party. These are now the two single largest

parties in parliament. Mr Gandhi, who is reluctant to form a minority Congress administration, said his party would support a government led by Mr Shekhar but not be a member of it.

The consultations came after the prime minister, Mr V.P. Singh, was heavily defeated in a vote of confidence on Wednesday. The president asked him yesterday to con-tinue as caretaker prime minis-ter. Mr Singh told the presi-dent of his "strong opposition" to a splinter group under Mr Chandra Shekhar being given an opportunity to form a gov-

In his conversations with party leaders, the president asked them whether they were "willing and able" to form a viable government - thus underlining his concern about

stability.
Mr Shekher leads a faction in the Janeta Dal of only 56 members in a parliament of 543. He claimed, however, that with the backing of Congress and other allies, he had the support of 290 members.

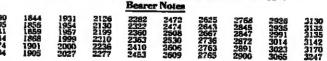
NOTICE OF REDEMPTION

HMC MORTGAGE NOTES 2 PLC

Class A Mortgage Backed Floating Rate Notes Due February 2015

NOTICE IS HEREBY GIVEN to the holders of the Class A Mortgage Backed Floating Rate Notes Due February 2015 (the "Class A Notes") of HMC Mortgage Notes 2 PLC (the "Issuer") that, pursuant to the Trust Deed dated 23rd February, 1988 (the "Trust Deed"), between the Issuer and The Law Debenture Trust Corporation p.l.c. as Trustee, and the Agency Agreement dated 23rd February, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes. Available Funds as defined in the Terms and Conditions in the amount of \$6,000.000 will be utilized on 23rd November. 1990 (the "Redemption Date") to redeem a like 26,000,000 will be utilized on 23rd November, 1990 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal

OUTSTANDING CLASS A NOTES OF \$100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW



The Class A Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

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Morgan Guaranty Trust Company of New York

Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York 10015 Attn: Corporate Trust Operations

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unmatured coupons and talons appurtaining thereto. Such payment will be made (1) in sterling at the specified office of the Paying Agent in London or (11) at any specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A Notes which are the subject

HMC MORTGAGE NOTES 2 PLC By: Morgan Guaranty Trust Company OF NEW YORK, as Principal Paying Agent

Dated: November 9, 1990

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend fax Compliance Act of 1983 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A Notes to the paying agency's New York Office.

Mr Jaries

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AMERICAN NEWS

US-EC ties to be strengthened

THE RESERVE THE RESERVE

THE US and European THE US and European Community are to sign a political statement at the White House next week aimed at strengthening joint ties.

Mr Giulio Andreotti, prime minister of Italy, which currently holds the EC presidency, and Mr Jacques Delors, EC Commission president, will visit Washington to meet President George Bush and sign the document next Tuesday.

dent George Bush and sign the document next Tuesday.

Mr James Baker, US secretary of state, has been pressing for a framework agreement to institutionalise US-EC links in the light of the change in canthe light of the changes in central Europe, east-west rela-tions, Nato, and the EC's economic integration programme.

The US initially suggested a treaty, but the idea was dropped because EC governments did not want to consider it until after the completion of the inter-governmental conference on political union

ence on political union.
Consequently, the "Transatlantic Declaration" will be
phrased in vague terms,
talking about the Atlantic alliance and shared values and approaches. The document confirms actions already taken over the past year to establish more regular meetings between the US president and the presidency of the Commis-sion and the Council of Minis-ters, between the US secretary of state and community foreign

ministers, and between officials at various levels.

There were problems during the drafting over references to security and Nato which the US wanted to include despite French doubts.

The declaration comes at a time when relations have been strained by both the stalemate over the Uruguay Round trade talks and by the Gulf crisis. The hope is that next week's Washington meeting will provide a fresh political impetus to help break the logism in the trade discussions. Mr Bush will meet all the European leaders in Paris in 10 days for the 34-nation Conference on Security

Tim Coone assesses Guatemala's elections and the tasks facing the next president IMAGINE yourself leader of a Third World country wracked by political violence, crime, poverty, drugs, a guerrilla war

inherit a daunting series of problems that the outgoing president, Mr Vinicio Cerezo, was unable to solve. According to recent United Nations data, the country has an illiteracy rate of 67 per cent, unemployment and underem-

America

five years.

ployment above 50 per cent, and extreme poverty affecting nearly three-quarters of the population. In addition, there is soaring crime, widespread corruption, and an explosion of drug abuse and smuggling. The military, which has become a law unto itself, has one of the worst human rights records in Latin

and rampant corruption.
There are actually 12 people

contemplating just that as more than 3m Guatemalans

prepare to go to the polls to elect a president for the next

The new leader of will

centre-left to far-right are con-testing the elections. In addi-tion to choosing a new presi-dent, voters will elect all 116 deputies to Congress, the govpalities and 20 represen tatives to the Central American parliament - a regional forum, which opens next year,



Presidential pretenders face stiff challenge

latest opinion polls carried out by the Chamber of Free Enter-

reform, export promotion, pri-vatisation, and of an overall

deregulation of the economy to boost growth through the pri-

Mr Arzu has a more detailed and coherent economic plan

which mirrors that of the

Arena party in neighbouring

Both are in favour of tax

Montt (left) may be power-broker when Cerezo goes of the National Advance Party. They are far ahead of the other candidates, according to the aimed at promoting economic

The outgoing Christian Dem ocrats have little hope of hold-ing on to power. President Cer-ezo's handpicked successor, Mr Alfonso Cabrera, has failed to top 10 per cent in pre-election polls. To make matters worse, Mr Cabrera has recently become seriously ill.

President Cerezo's failure to

make significant economic advances, to tackle crime, and to rein in Guatemala's military leaders has discredited his party. Accusations of corrup-tion linger.

Mr Carpio's campaign ha The two main contenders to veered towards populist slo-ganising. He has promised have emerged are Mr Jorge Carpio of the National Union of lower taxes, more roads and the Centre and Mr Alvaro Arzu more welfare. In a country

where fewer than 70,000 indi-viduals and companies pay income tax, his campaign promises appear vague and

contradictory.

None the less, having lost the electoral race against President Cerezo in 1985, Mr Carpio has built a powerful party machine and has run an effective account of the contradiction of tive campaign, which has reached beyond the urban cen-tres and into the countryside. Mr Arzu's party is new to the presidential race but, as former mayor of Guatemala City, he commands a strong urban following and trails Mr Carpio by only a few points in the opinion polls.

In fact, neither candidate is predicted to win carbiebt. More

predicted to win outright. More likely, a second round will take place next January.

The Christian Democrats would then play a key role, as might other outsiders such as the right-wing Mr Elias Serrano, and even ex-General Efrain Rios Montt, who was barred from running. They might encourage supporters to vote one way or the other in return for a share of power.

Mr Rios Montt is the joker in
the pack. Forbidden by the
constitution from standing for
the presidency – having
headed a brutal military government in the early 1980s
– he is instructing his supporters to spoil their ballot papers

ers to spoil their ballot papers.

Before his candidature was

finally quashed by the supreme court last month, he was lead-

ing the opinion polls.

By encouraging a high null vote for the presidential election, he hopes to weaken both Mr Carpio and Mr Arzu, and thereby become a power-broker

in any run-off.

Neither of the main candidates has dared to challenge the army or the police on their appalling human rights record. More than 130,000 people are estimated to have died at the hands of the security forces over the past 35 years, accord-ing to human rights organisa-tions such as Amnesty Interna-

Although the record has improved somewhat during President Cerezo's administration, political murders and intimidation are still common. One of the latest incidents was the shooting last month of Mr Byron Barrera, the vice-president of the Guatemalan Journalists' Association. He survived but his wife died

in the attack. Behind the official election talk, the nation's most pressing issues may be being ignored. As the leader of the Social Democrat party, Mr Rene de Leon, said: "The major parties do not want to confront the real problems and the powers that be. There are people with licences to kill in this coun-

Money-laundering cash for UK

THE US Treasury has given a cheque for \$3m (£1.5m) to the British Customs and Excise as its share of assets seized in the money-laundering case involving Colombian drug groups and staff of the Bank of Credit and Commerce International

(BCCI).
A cheque for \$2m has been

passed to France for its participation in the case. The seizure of assets follows Operation C-Chase, a moneylaundering investigation launched by the US Customs and assisted by British and

French authorities. Customs agents posing as professional money launderers penetrated several Colombian groups, and employees of BCCI actively helped in transfers of funds. Last January, BCCI pleaded guilty to money-laundering offences and agreed to forfeit more than \$15m, of which \$10m went to the US. More recently, five BCCI officials were con-victed of money laundering in

a US federal court and two officials were convicted in the UK. The British Customs helped arranged US Customs activities, obtained and executed search warrants for BCCI corporate headquarters, and arrested one other official now awaiting extradition to the US. Mr John Robson, US Treasury deputy secretary, said international co-operation in

international drug trafficking and drug-money laundering". The Group of Seven indus trial countries are working together in a Financial Action Task Force on Money Launder-

the case showed the "progress countries are making against

URUGUAY is offering to buy back its medium and long-term debt from interna-tional banks at a price of 56 cents on the dollar, writes

price of just under 50 cents, is part of a debt reduction accord agreed in outline with leading creditor banks last month.

the buy-back to go shead.
Under the agreement, the final terms of which were sent to banks this week, banks will

to 20 per cent of their current The bank debt covered by

Uruguay offers to buy back debt

also have the option of exchanging their loans for con-Stephen Fidler.
The offer, at a premium to the current secondary market cessional 30-year bonds with a 6% per cent annual coupon or providing new loans equivalent

Banks have already granted the proposal totals about the necessary waivers for \$1.7bn. **ISC** technology linked to building of Iraqi bomb factory

By Alan Friedman in New York. Tom Flannery in Lancaster, Pennsylvania. and Leslie Crawford in Santiago

Control (ISC), the Pennsylva-nia company whose dealings provoked a crisis last year for its new British owner, Ferranti International, is understood to have indirectly supplied design technology that helped Iraq to build a cluster bomb factory. ISC's role — which involved

the trans-shipment of the tech-nology by way of Chile - has been confirmed by US investigators, former executives of the company and a key Lebanese-born arms dealer who had first-hand knowledge of the

Matrix Churchill, the Iraqi-controlled UK machine tools. company that received letters of credit from Italy's Banca Nazionale del Lavoro (BNL), is alleged to have supplied Iraq with sophisticated computer-ised precision tooling systems between January 1989 and February 1990 which were in fact applied by the Iraqis in their cluster bomb and fuse installa-

cluster bombs, dropped by aircraft, are designed to scatter up to several hundred bomblets with variable detonation times. In Nato service, their main purpose is attacking armoured vehicles or destroying runways. But they have also been developed in Chile for "anti-personnel" purposes. Western intelligence officials have told the Financial Times

have told the Financial Times that the handing over of clus-ter bomb technology began after a meeting in 1983 between Mr Carlos Cardoen, the Chilmr Carlos Cardoen, the Chil-ean arms manufacturer, and Mr James Guerin, the ISC chairman, who was to sell his company to Ferranti of the UK

four years later.

Mr Guerin, who has been in the Philippines since October 25, has entered into a plea-bargaining agreement with US prosecutors to avoid trial on charges of illegal arms sales, money laundering and securi-

money laundering and securi-ties fraud.

The cluster bomb "technol-ogy transfer" went through a clandestine network operated clandestine network operated by Mr Cardoen, who imported the know-how and tooling from the US company in spite of the 1977 US law prohibiting the sale of US military technology to Chile. According to court documents filed in Florida, Mr Cardoen is believed to have sold a total of \$470m (£242m) worth of cluster bombs and related technology to Iraq. Mr Nasser Beydoun, a Leb-

related technology to Iraq.

Mr Nasser Beydoun, a Lebanese-born arms broker who
worked for Mr Cardoen and
recently filed the Florida lawsuit demanding \$30m in commission on Iraqi cluster bomb
transactions, said through his
lawyer yesterday that he was
personally aware of the sale of personally aware of the sale of cluster bomb technology by Mr Guerin's ISC to Chile for use in the iraqi deals. He refused to

Mr Abbey Caplan, the US

missed Mr Beydoun's lawsuit as "absolutely frivolous". In Santiago, a spokesman for Industrias Cardoen denied there was any connection between ISC and the develop-

ment of Cardoen cluster bombs. "ISC's Rockeye cluster bombs are serious competitors to our products," said the Car-doen spokesman, who claimed that Cardoen's only relation with ISC was in connection with a project to sell radio-det-onated explosives to the Chil-ean Air Force in which two ISC engineers came to Chile to lems with the radios, but they were unable to do so."

In the early 1980s Mr Cardoen set up a factory in north-ern Chile for the manufacture of 250lb and 500lb cluster bombs. He later provided Baghdad with a turnkey factory facility, for which ISC is understood to have supplied charts, drawings, designs for fuses and omblets and other related

technologies.

The Cardoen network also received crucial help from Matrix Churchill, which – according to export orders and contracts shown to the Financial Times – between 1989 and 1990 sold Mr Cardoen machinery worth £9m. The machinery is understood to have been used in making cluster bomb fuses.

Matrix Churchill, whose assets have been frozen in the UK and US and whose top Brit-ish directors were arrested and questioned last month by the UK Customs and Excise, also sold fraq about £10m worth of other machinery which could be used in making cluster bomb and chemical weapons

fuses.

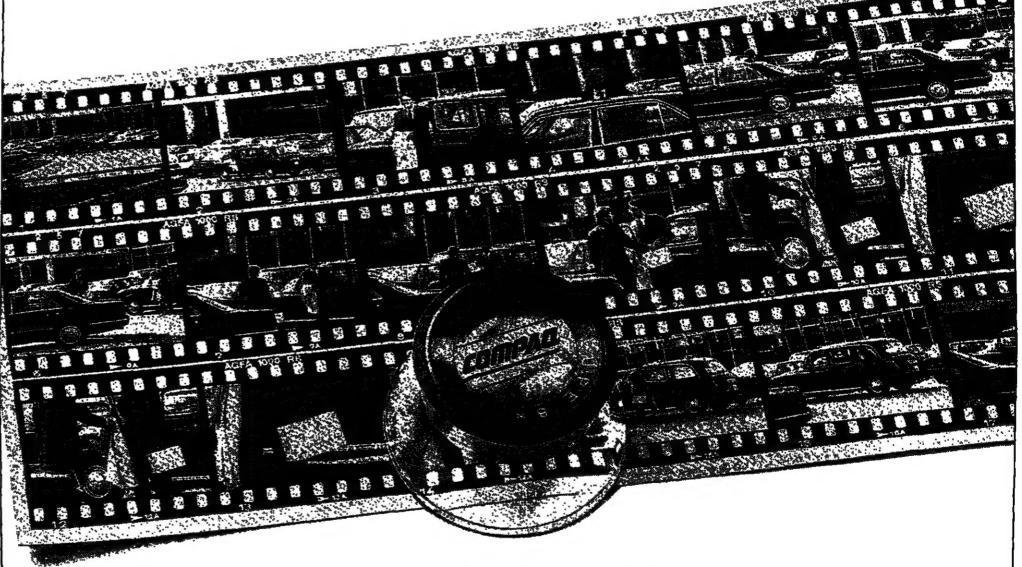
Matrix Churchill declined to comment on the specific details of any deals with Iraq and Chile, beyond saying that the Cardoen group's non-mili-tary operations were a big cus-

tomer for Matrix. But Mr Peter Allen, the company's sales and marketing director, said: "We have never knowingly supplied any machines to any military establishment... For every machine that has been destabled the correct licensing patched, the correct licensing procedure has been followed."
US officials in Washington

US officials in washington and Pennsylvania have told the Financial Times that the cluster bomb technology sales by ISC are being investigated by a special task force made up of several US agencies.

Ferranti International said it had no knowledge of ISC being involved in any such deal either before or after the 1987 merger between the two com-panies. It added that it would

not have condoned it. There were a lot of things such as bogus contracts going on that we did not find out until later," a spokesman said.



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COMPAQ

Support from the ECGD was critical to winning a UK role in rehabilitating central and eastern European countries, he told the EGCI annual lunch. but it was being penalised by the government for losses incurred in lending to developing countries.

Banks had suffered too, but they were not government departments required to pass on accrued profits to the exchequer, and could obtain tax relief on bad and doubtful debt provisions; the ECGD could not. The EGCI would approach Mr Peter Lilley, sec-retary of state for trade and industry, shortly, to start "proper" talks about the ECGD's future.

● Midland Montagu Trade

Finance has arranged a £50m credit line for the Soviet Bank for Foreign Economic Affairs. The first ECGD-backed facility to carry a multi-currency option, it will back UK capital goods and services exports.

The return of the food mountain OECD finds higher farm support and forecasts new surpluses, writes Peter Montagnon

farmers in the industrialised world has started to rise again after two years of decline, principally because of the effect on world prices of the US drought, according to experts at the Organisation for Economic Co-geration and Development.

Their findings come at a crucial time in efforts to reform world farm trade in the Uru-guay Round of multilateral trade liberalisation talks and lend urgency to the need to achieve agreement on progressive dismantling of assistance. The OECD expe is, who have been monitoring the cost of farm support for 10 years, decline to put a figure on the

increase expected this year, but some farm eronomists sug-gest support could rise by 10 per cent on last year's total of \$250bn. Support is thought to have increased in all industrial countries except Japan and

New Zealand.

The changing trend, which has emerged as world market prices for farm products dropped sharply this year, gives the lie to the assumption that two years of declining support marked an end to the structural surpluses that have plagued world agricultural markets for much of the last

In fact OECD economists believe the situation could be much worse by the middle of

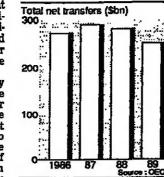
THE COST of support for the 1990s unless farm support policies are changed. Stressing that their forecasts are still tentative, unofficial, and that they assume no further climatic shock or change in policies, they say that increased surpluses could occur for almost every major temperate product.

Though production of dairy products is likely to increase by a modest 2.5 per cent a year during the first half of the 1990s, consumption of milk-fat is dropping. This could lead to an increase in the exportable surplus of OECD countries of some 10 per cent or between 65,000 and 75,000 tonnes by

The surplus in bovine meat could increase by some 600,000 tonnes to 900,000, while the surplus in sugar could double to 3m tonnes during the period. The surplus of wheat could increase by 20m tonnes to 95m, while that in secondary cereals such as barley and maize could

rise by 30m tonnes.
One factor likely to add to
the strain on world markets is
increased efficiency and production in eastern Europe, they add. Poland, for example, is already likely to export around im tonnes of grain this year. As these countries e their production, they are likely to compete increasingly for a share of the Soviet market to which they will seek to sell food in

Cost of supporting farmers



Despite its record harvest the Soviet Union itself is likely to import some 30m to 35m tonnes of grain this year, roughly the same as last year. The grain will be needed to supply the cities which face shortages of supply due partly

But the OECD economists believe that import demand from the Soviet Union could be transformed if current distribution problems are resolved. It would take only a small increase in efficiency for the country to become much more self-sufficient, they say. For example, the Soviets cur-

rently manage to extract only 8.5 tonnes of refined sugar from each 100 tonnes of beet, not much more than half the

level achieved by the European Community. Given the size of their harvest even a small improvement in the extraction rate would go a long way to

meeting their requirements. Altogether the outlook suggests that policy change designed to make farmers more responsive to market signals is more urgent than ever. Separately the OECD has now published a study of two different approaches – production con-trols and direct income support for farmers.1

To be effective, direct income support should be granted in a context of lower overall support and less trade protection. It should not be linked to individual products, the study suggests. This would exclude deficiency payments of the type operated by the US.

The danger with quantita-tive restrictions is that they risk perpetuating economic dis-tortions by locking in particu-lar supply patterns and are dif-ficult to enforce. Without some accompanying reduction in prices they are also likely to shift an increasing burden for supporting farmers away from central government and on to

consumers.
*Reforming Agricultural Poli-cies: Quantitative Restrictions on Production and Direct Income Support, available from the OECD Publications Service, 2 rue André-Pascal, 75775 PARIS CEDEX 16, France

Hitachi to make discs in France

HITACHI, the Japanese electronics giant, yesterday announced that it is to open a disc-drive making plant near Orléans, central France, to turn out FFr1.8bn (\$350m) worth of units annually by 1994, William Dawkins reports from Paris.

from Pans.

The project is a step in the company's gradual shift of production closer to its main foreign markets, said Mr Takashi Chiba, general manager of the group's overseas operations. The plant, Hitachi's first computer equipment investment in Europe, is ment investment in Europe, is due to open in 1992. Hitachi will invest FFr300m over four

years and create 170 jobs ini-tially, rising to 500 by 1994. The move follows the start of construction of a Hitachi integrated semiconductor manufacturing plant in west-ern Germany. This was widely seen as a response to the Euro-pean Commission's ruling that chirs must be fabricated, not just assembled, in Europe if they are to count as EC products. Hitachi has made televisions and videocassette recorders in Britain since 1979, and

in Germany since 1982. Hitachi said its investment was motivated by the need to he near European computer industry customers so that it could tailor disc drives pre-cisely to their needs.

Developing nations 'will spurn deal at their own expense'

By William Dullforce in Geneva

FIFTEEN leading developing countries warned yesterday that they would not accept a last-minute deal made at their expense by the major trading powers in the Uruguay Round trade talks trade talks.

The stalemate in the discussions was not of their making, the 15 said. The big trading countries that had pressed for the trade-liberalising talks to be held now seemed incapable of taking the substantive and political decisions needed to push the negotiations forward.
The 15 appealed to major traders to bring the four-year

endeavour to a successful con-clusion at the meeting of world trade ministers in Brussels in four weeks. Mr Reinaldo Figueredo, the Venezuelan foreign minister, said: "We consider it only right

that we should know before-hand where we stand." He had chaired a two-day meeting of the steering com-mittee for the G-15 developing countries which ended on

the foreign ministers of Malay sia, Senegal and Venezuela Other members of the G-15 group are Algeria, Argentina Brazil, Egypt, India, Indonesia, Jamaica, Mexico, Nigeria, Peru, Yugoslavia and Zim-

The committee comprises

The group plans to hold a ministerial meeting to determine their position and "make a political assessment", before the trade ministers arrive in Brussels. The date would be decided next week when their negotiators in Geneva would take stock of the situation in the Round, Mr Figueredo said the Round, Mr Inguiredo Said.
Developing countries had
often been accused of demanding something for nothing in
previous multilateral trade rounds, the 15 said in their

In the Uruguay Round, how-ever, their contributions had far surpassed anything before, while several developing nations had already liberalised trade without waiting for oth-

Fiat proposes a \$2bn investment in Poland

By John Wyles in Rome, Christopher Bobinski in Warsaw and Kevin Done in London

FIAT AUTO has proposed to the Polish government a near-\$2bn investment plan over 15 years aimed at completely restructuring Poland's motor industry. The proposal is on the condition that the Italian company is given exclusive

manufacturing rights.
The plan, put to Polish ministers and industry executives earlier this week, aims at conearner this week, aims at con-solidating the favoured posi-tion Fiat has enjoyed in Poland for many years. This has been threatened by attempts to court Warsaw by other motor

The deal is thought to involve Fiat taking majority stakes in both Polish car companies, FSM and FSO, and participating in other joint ventures to produce components. In return, the Italian company would take over management and marketing of the compa-nies. It would also undertake a thorough reconstruction of Pol-ish car manufacturing, including production lines, research and design.

The request for exclusive manufacturing rights is seen as justifiable in return for a large financial investment in a country short of funds.

Fiat's initiative would transform its current agreement to provide the Micro small car design for manufacturing at the FSM plant in Bielsko Biala. The agreement, which provides for the production of 160,000 units a year, is due to be launched next year. A third of production would be marketed in western Europe.

A second agreement cover-ing production of 120,000 units of the Tipo at the FSO plant in Warsaw is still at the letter of

With talks set to continue next week, the reaction of the Polish government has yet to emerge. It may be unhappy about giving Flat a manufacturing monopoly at a time when it is trying to set up a market system. The government may believe it can attract other direct investment from motor companies.

The proposals come as the Polish government is considering a liberalisation of foreign investment regulations. These would ease profit transfer rules, but would remove tax concessions for new investors.

It has been reported that the
Italian company is keen that

the Poles to provide generous tax concessions for the new ventures. According to a Reuter news agency report, the proposals were made in secret talks with a Fiat delegation held on Tuesday with Mr Tadeusz Syryjczyk, the industry minister, and managers of Poland's state-owned car makers FSO and FSM.

The report said that Poland

The report said that Poland was unlikely to accept the exclusivity demand, regarding it as "an evidently monopolistic action"

The Polish car industry is currently based on the produc-tion of Flat models under technology licensing deals, but the Italian group has no equity stake in the two state-owned vehicle producers

Fiat's initiative comes at a time when several other western car makers are moving quickly to establish a presence in eastern Europe.

Volkswagen and General Motors are already assembling cars in eastern Germany, GM has announced plans for car assembly and engine production in Hungary and hopes to assemble cars in Czechoslovakia.

VW is bidding against Ren-ault/Volvo to take a substantial stake in Skoda, the Czechoslovak car maker.



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With this objective, they approached Arthur Andersen to act on their behalf in acquiring a network of banking entities across Europe, namely, the European network of Standard Chartered, a British banking group.

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This enabled us to develop some highly efficient structures for them, regardless of the fact that

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there were nine countries in the mix.

And, because of our multinational resources, we helped them complete the deal within four months.

Proof that when you need to get things cooking.

you can depend on us to go the whole hog.

NOTICE TO THE WARRANTHOLDERS OF

ASAHI BREWERIES, LTD. Warrants (the "First Warrants") to subscribe for shares of common stock of Asahi Breweries, Ltd. issued with U.S.\$ 300,000,000 4 3/8 per cent Bonds due 1993

Warrants (the "Second Warrants") to subscribe for shares of common stock of Asahi Breweries, Ltd. issued with U.S.\$ 1,000,000,000 3 5/8 per cent Bonds due 1993

Pursuant to Clause 4 (C) of the Instruments dated 23rd March, 1988 and 31st August, 1989 (the "Instruments") and in accordance with Conditions 7 and II of the Terms and Conditions of the Warrants, Notice is hereby given that:

On 28th September, 1990, the Board of Directors of Asahi Breweries, Ltd. (the Company) resolved to issue Convertible Bonds in three tranches aggregating 75,000 million yen.

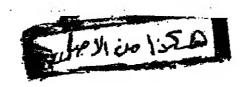
The consideration per share receivable by the Company (the initial Conversion Price) was fixed on 8th October, 1990 at Yen 1,128 which is less than the current market price per share on such date on which such Convertible Bonds are to be issued.

Consequently, pursuant to Clause 3 (V) of the Instruments and Condition 7 of the Terms and Conditions of the Warrants the Subscription Price of the First Warrants was adjusted from Yen 1,614.90 to Yen 1,569.30 and the Subscription Price of the Second Warrants was adjusted from Yen 2,045.50 to Yen 1,987.80, both became effective as of 17th October, 1990 (Japan time).

ASAHI BREWERIES, LTD.

By: The Sumitomo Bank, Limited and Dai-Ichi Kangyo Bank (Luxembourg) S.A. as Principal Paying Agents and Warrant Agents

Dated 9th November, 1990



Every August model nate : Teguipment differs printed on 20061 placed inside the service handed: or parts replaced To make sure that Audi uses (326.5) TYVEK CHIZZES resistance and the

Like TYVE: 1/E __-Du Pont, and 🔙 manufactures in a ments of the to for years KELLER system hoses - -It is also with linings and The many strangth in developing $= \frac{1}{2}$. combine 🚎 paper, rate

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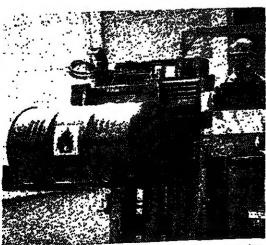
Kevlar* makes Audi engines last longer. Tyvek* gives every Audi a lifetime identity.

Every Audi is unique. Even cars of the same model have differences in equipment, and keeping track of them is vital. At Audi these equipment differences are encoded and printed on adhesive labels which are then placed inside the boot and in the vehicle's service handbook. Any subsequent repairs or parts replacement are thus made much

To make sure this system runs smoothly Audi uses labels made only from Du Pont resistance and other exceptional properties. Like TYVEK, KEVLAR is also made by Du Pont, and is no stranger to automotive manufacturers; they've known about the merits of this high strength, low weight fibre for years. KEVLAR, for example, is used to reinforce cylinder-head gaskets and cooling system hoses in high-performance engines. It is also widely used in brake pads, clutch linings and tyres.

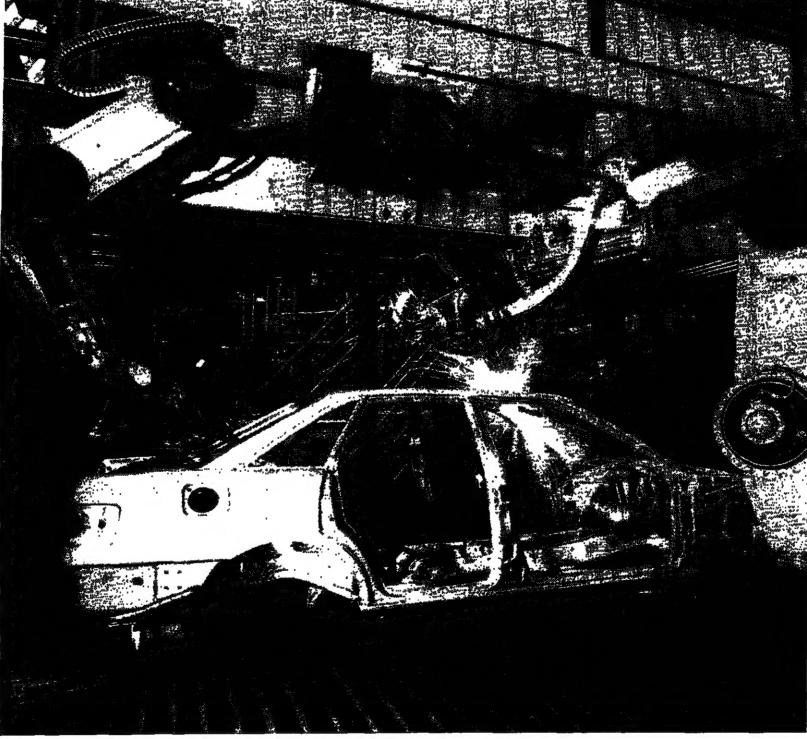
The many strengths of Tyvek. In developing TYVEK Du Pont was able to combine many of the best properties of paper, fabric and film. This unique spunbonded olefin material is extremely light, yet strong and tear resistant. TYVEK shrugs off water and most chemicals, resists puncturing, is approved for contact with foodstuffs, and retains its remarkable properties down to -70 °C. It is also highly printable, with a smooth, white surface that's suitable for all processes including computer printers. TYVEK is easily recycled or disposed of, with no adverse environmental effects.

Lost label... big problem. Labels that get torn, worn or waterlogged can't be read - and an unreadable label is as useless as no label at all. For instance, what's the point of urgently shipping spare



TYVEX for labels you can rely on.

parts if no-one knows what they are? And chemicals that have lost their identity can be downright dangerous if wrongly stored or handled. It is because of the exceptional physical and chemical resistance of TYVEK and the labelling integrity it provides, that it is specified by such leading companies as Ciba-Geigy, ICI and Schering.



With Tyvek the way ahead is clear. Paper road maps, city plans and marine charts are great when they are new. But after a while they start to tear at the edges and fall apart at the folds... and if you get them wet they're simply unreadable. But maps and charts printed on TYVEK are different; they can be folded and unfolded endlessly, and can't soak up water (drop one overboard and it will not only float, it'il stay completely readable). Even after years of use a map printed on TYVEK will still be pointing the way.



This remarkable durability is why TYVEK is specified by many leading map makers, including Edison Cartographiques, Maritimes and Delfino Editrice, and why the vachtsman's "Blue Book" of Mediterranean ports is printed on TYVEK. Few things take more of a beating than children's books and games... and few materials can take the punishment better than TYVEK. Which is why, for example, Ravensburg Games use it to extend the life of their products.

Packed safely.

packing applications.

protection.

TYVEK's special properties of strength,

the packaging industry. Its versatility is

laminated, heat-sealed, bonded with

security, chemical and physical resistance

and light weight offer many advantages to

useful, too: TYVEK can be printed, diecut,

adhesive and stitched. Its smooth surface is

while its air permeability allows products to

be gas sterilized, making it ideal for sterile

Long-lasting legibility plus people

Labels, envelopes and packaging are

by no means the only uses for TYVEK.

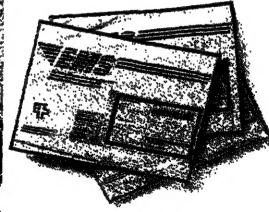
perfect for record and floppy disc sleeves,

Tyvek delivers, safe and sound. When you send something by mail or courier you want it to arrive in the same condition as when it was sent. Envelopes of TYVEK resist pilfering or accidental exposure of the contents through tearing, puncturing, bursting and abrasion. Add to these qualities their postage-saving light weight, water resistance and highquality appearance, and it is little wonder that they are the primary choice of many banks, insurance companies and legal

No surprise, either, that courier services such as Federal Express, and several postal authorities use envelopes of TYVEK for their important and urgent

durability lend themselves to almost any application where the message must get through - display materials such as banners and posters, freight waybills and shipping documentation, ID cards and season tickets, wiring diagrams and instructional manuals... the list is almost

The same advantages of strength and



And TYVEK protects people, too. Wherever there are hazardous work situations such as asbestos removal, chemical clean-ups. crop or paint spraying, or hospital surgeries and high-tech clean rooms, protective clothing made of TYVEK is available for a wide variety of applications.

Innovations from Du Pont. KEVLAR, NOMEX* and TYVEK are produced by the Engineering Fiber Systems division of Du Pont, which also developed TEFLON*, TYPAR*, CORDURA* and high-strength Nylon. From house and home to air and space, these products have opened up new perspectives in countless areas and applications.

Du Pont is one of the world's leading research-oriented companies, with 39 production plants and laboratories in Europe alone.

Du Pont de Nemours International S.A. Engineering Fiber Systems, P.O. Box 50, CH-1218 Geneva, Switzerland Du Pont Engineering Fiber Systems. Develop with us.

*Du Pont's registered trademark.

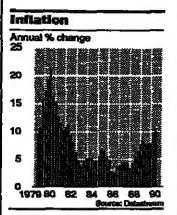


HIGHLIGHTS OF THE STATEMENT

Economic assessment

Forecasts and spending plans were constructed to reflect the evidence that the economy had weakened after a period of strong growth. The Gulf crisis could trigger further rises in consumer price inflation and intensify the slowdown in the world economy. But monetary indicators clearly showed that inflationary pressures had been curbed by the government's tight policy stance. This tough discipline would now be enforced by membership of the ERM. Demand and output had fallen and growth had slowed sharply. The resulting low point in the economic cycle had had an adverse effect on revenues, and particularly on the finances of the public corporations.

Economic Forecasts



With his forecast of negative growth between the first and second halves of 1990, the chancellor made the recession official. The current period of weak economic activity will extend only until early 1991, with gross domestic product to rise - in line with City forecasts - by 1 per cent in 1990. Demand and activity to pick up thereafter — putting a stop to the trend of rising unemployment - and GDP growth to recover to 2 per cent for 1991 as a

whole, with year-on-year growth however only at \$12 per cent. Manufacturing output to fall by \$12 per cent in 1991.

Balance of payments:

Slowing import growth and rising exports contributed to an improvement in the current account despite a deterioration in the invisibles, parity caused by a drop in the overseas earnings by service companies. Domestic demand and import growth kept slack by the government's tight fiscal and monetary policies to keep current account deficit at the £15bn total which was forecast in the Budget. Next year, the deficit to fall to £11bn, or 134 per cent of GDP, in spite of a worse UK export performance as a result of a decline in

Prices and earnings:

This time last year, inflation was predicted to be $5\frac{\pi}{4}$ per cent in the third quarter of 1990, an underestimate of over five percentage points. This year, a very sharp fall in the headline inflation rate from this peak is predicted as past mortgage rate rises and the high introductory levels of the poil tax drop out of the index. The City agrees with the Treasury's forecast that retail price inflation will fall to 512 per cent by the fourth quarter of next year.

Current spending by local authorities has outstripped that of central government for several years. But the local authorities, together health and social security departments, are singled out as priority recipients for substantial extra resources totalling some £7.5bn in 1991-1992.

GDP annual growth

III Fixed investment growth rate:

Business Investment could have fallen slightly in 1990 and could continue to do so next year. But this would represent a modest drop from very high

Public spending

The Gulf crisis and a surge of spending on agricultural market support helped lift planned expenditure in the current

fiscal year by £400m — or just under 1 per cent — to £180.6bn. For 1991-92, however, the overspend leaps by about 12 per cent as the new planning total for 1991-1992 has been reset at £200bn. Higher inflation boosting spending and lower growth eroding receipts are largely to blame for this revision from a previous target of £192.3bn. This sizeable cash overrun does not, however, fully compensate the departments for higher prices. Weakening economic activity will prevent the ratio of public spending to national income falling below the 39 per cent level achieved in 1989-1990, Planning totals in the following two years are £215bn and £226bn respectively. Privatisation proceeds at £5.5bn for each year.

High local authority borrowing, problems collecting non-domestic rates and the community charge and the economic expectations of being able this year. Its public sector debt repayment will be £3bn, or 12 per cent of GDP. Although the forecast of the debt sliced in half since the March Budget, the new PSDR is unlikely to mea the government will issue

General government expenditure As % of GDP

glits to finance its spending. Membership of the ERM and the anti-inflation campaign necessitate a tight fiscal stance. The City was half-expecting the government to return to a balanced budget or even a deficit this year.

In a tight public expenditure survey, emphasis was given to a "substantial" provision for a £3.2bn rise in spending on the National Health Service between this year and next, increasing real resources by 5.3 per cent. On top of this, health authorities to keep about £200 million in extra resources which to be earned by cost improvements and

London Transport and British Rail to receive £750m to improve safety over the next three years. Total investment will rise to £16 bn over the next three years, an increase of about £1.5bn compared with last year. The Transport Department's plans to spend £12bn on roads have been passed.

Record number of students receiving higher education prompted the £690m increase announced education department's planned spending. Local authority standard spending in 1991-1992 is over £2.4bn higher than the comparable figure for the previous year. One in five of the 18-19 age group are being educated compared with one in eight a decade ago.

Cold War's conclusion to enable savings in the defence budget from 1992 onwards, with falls of about 6 per cent in real terms between to 1994. The overall changes are an addition of £300m in 1991-92 and a reduction of £230m in 1992/93. For the first time since 1945, spending planned to be much less than one tenth of all government spending.

By Peter Norman, Economics Correspondent

BRITAIN is unique among major industrial countries for splitting its annual Budget into two.

Although lacking the ballyhoo of Budget Day in the Spring, the Chancellor's Autumn Statement is an

It provides an updated account of government spending plans for the current financial year to the end of March, detailed departmental spending plans for the coming financial year that starts in April, and the out-line of spending plans for the follow-ing two financial years.

The Treasury gives one of two munual forecasts of developments in

the economy - the other being on Budget day. In addition, the Autumn Statement gives details of National Insurance Contributions for the coming finan-

cial year. Taxation matters are dealt

with in the Budget.

However, many complexities lie behind this simple scheme. Because the treatment of taxation and spending is split in time, there is no forecast of the government's budget defi-cit or surplus beyond the current

Projected unemployment levels are presented as assumptions by the government actuary rather than Trea-

The Autumn Statement – a budget without the ballyhoo

sury forecasts even though they emanate from the Treasury.

Most vexing of all, the reader interested in public spending has to cope with different definitions in the state-

• For the purposes of planning and control, the government uses a mea-sure of spending known as the Public Expenditure Planning Total.

Despite its name, this does not cover all public expenditure. Follow-ing changes last year, the planning total definition covers only those areas for which central government The government's broad measure

of public spending is General Government Expenditure or GGE. GGE is used in framing the government's Medium Term Financial Strategy. It is more comprehensive than the pub-lic expenditure planning total because it includes local authority self financed expenditure and central government debt interest. GGE is equivalent to the sum that must be raised each year through taxes or borrowing. • There is a further spending measure: GGE (excluding

privatisation proceeds). During the 1980s, the government set out to reduce public spending as a share of national income, in part to

create scope for tax cuts. It chose as its measure GGE, but excluded income from privatisation. GGE (excluding privatisation proceeds) is therefore the broadest definition of

therefore the aroanest technical to public spending.

The differing spending definitions give the Autumn Statement varying grades of transparency. In sectors which are entirely the responsibility of central government, such as defence, it is a good guide to overall.

spending plans.
Problems arise in areas, such as education, where responsibility is shared between central and local gov.

Major's optimism dented by Howe

By Philip Stephens and Alison Smith

SIR Geoffrey Howe yesterday reopened the sharp divisions within the government over Europe, and dented cautious Tory optimism on the economy after the Autumn Statement, by declaring that his differ-ences with Mrs Margaret Thatcher were linked to the substance as well as the style

His remarks, a week after his resignation as Deputy Prime Minister, came as the Conservative party began for-mally the election process many the election process which could prompt a leadership challenge to the prime minister within the next week. Earlier Mr John Major, the Chancellor, had sought to cheer Conservative MPs with a confident forecast that inflation would fall from the present 10.9 per cent to 5.5 per cent by this time next year. His Autumn Statement, com-

bining a relatively tight squeeze on overall public spending with substantial cash increases for the poll tax, health, social security and education, was seen by Tory MPs as a skilful package. Mr Major warned the govern-

ment's supporters that the nort-term outlook remained bleak. His judgement, however, that the expected fall in inflation would accelerate from next spring, held out the pros-pect of sharp falls in interest

rates before the next election.

That cautious optimism was dented by Sir Geoffrey's unexpected intervention, which raised fears among Tory MPs that the recent turmoil in the

party appears set to continue for the immediate future. It fuelled speculation also that Mrs Thatcher will face a contest in the leadership election. Although no candidate has yet come forward. Mr Michael Heseltine faces growing pressure from opponents of the prime minister to put his name forward before nominations close next Thursday. Foreshadowing his resigna

tion speech to the House of Commons next week, Sir Geoff-rey repeated his sadness at his departure from the the Govern-ment over Mrs Thatcher's approach to European integra-

He then went on to explicity reject, however, the Prime Min-ister's assertion earlier this week that the differences one and style rather than

important policy issues.

Friends of Sir Geoffrey said that although he was dismayed by the Prime Minister's adversial style in her negotiations with Europe, he would also stress more substantive differ-ences. His fear was Mrs Thatcher's deep hostility to a single European currency was leading her to rule out a possible compromise at the forth-coming EC conference on mon-Although his friends described the timing of his

statement and the opening of the leadership contest by the backbench 1922 Committee as "coincidental", the statement added to the fever surrounding



INNER CITIES

Spending on regeneration to be reduced. By Michael Cassell

THE government will point to the amount of cash being made available to help the regenera-tion of Britain's inner cities as evidence of commitment to tackling an issue which exploded politically after the street riots of the mid-1980s. The latest figures will not however, prevent the sceptics from continuing to claim that ministers are still paying lip service to the problem.

As a result of the latest gov-

ernment spending round, the extent of the funds available to the Department of the Environ-ment for urban regeneration will be higher than was origi-nally planned for next year, but nevertheless will be lower than spending in the current

In the three years since Mrs. Thatcher launched the interdepartmental Action for Cities programme, the government has won little praise for its efforts to fulfil the prime minister's post-election pledge to tackle the issue.

The 1990-91 budget of £906m, split up across a range of uses - from land grants to urban development corporations and city action teams — will how fall next year to £867m, rather than the £824m previously proj-ected. Some individual budgets within the total amount available will rise, however.
The main losers will be the

Urban Development Corporations responsible for the regeneration of 40,000 acres of large, run-down, inner city areas.

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OVERSEAS AID

Aid increased to £1.86bn but squeeze is likely to continue

OVERSEAS AID spending is likely to remain squeezed in spite of the increases announced yesterday which will take the overall budget to 21.86bn by 1993/4 from the 1993-94.

We look Mitchell of WDM and Development to eastern Europe and a similar amount to cover Britain's contribution to the new European Bank for Reconstruction and Development. £1.59bn originally planned for the current year.

The Overseas Development Administration (ODA) said this represented a 2 per cent real increase in the aid budget for the period as a whole. How-ever, some of the increase has already occurred with a previ-ously-announced special revi-sion to the budget for the current year.
This was for aid spending in

Zambia and on the Common-wealth Development Corporation, which helps fund private sector investment in develop-ing countries. It took the budMr John Mitchell of WDM

said next year's spending of £1.72bn would include £60m £1.72bn would include £60m due to be channelled through the European Community to Jordan, Turkey and Egypt whose economies have been severely hit by the Gulf crisis. This means that there will be less left for traditional bilateral aid spending. Nonetheless, ODA has again managed to ODA has again managed to prevent help for eastern Europe from being a drag on its traditional spending.

This is again being budgeted separately and includes a fur-

ther £30m next year for the

and Development. Mrs Lynda Chalker, aid minister, said aid priority would be given to the promotion of sound economic policies, plu-ralism and human rights, and to the pursuit of environment initiatives in the fields of forestry, population and energy This underlines the new

emphasis on the quality of gov-ernment in developing countries as an aid criterion. The issue was first raised by Mr Douglas Hurd, foreign sec-retary, last summer when he called on developing countries to adopt what he called "good government".

Military spending plans dispel hopes of a large peace dividend

ANY lingering hopes of a large mentary estimate to cover such as Germany and Italy. "peace dividend" in the short term were dispelled yesterday by defence spending plans. A cut in Britain's military

budget of 6 per cent in real terms between the current year and 1993-94 is a far cry from the multi-billion-pound cuts that many opposition and some Conservative MPs have been recommending because of

the easing of east-west tension.
A tight hold on spending this year has been relaxed to accommodate Britain's deployment of forces to the Gulf. This is expected to cost more than 2600m, including pay, by the end of the financial year. Spending in the current year is expected to be more than £250m higher as a result, at £21.58bn, and parliament will be asked to approve a suppleremaining Gulf costs. Figures for the next two years are little different from

those drawn up before the summer, when the government outlined plans for reducing the size of the armed forces.
In cash terms, spending is set to continue rising, levelling out in 1998-94. This is expected to bring UK defence spending down to 3.4 per cent of gross domestic product (GDP) three years from now. This would be close to the current average

are also cutting the share of resources for defence. This year's UK defence spending is expected to fall below 4 per cent of GNP for the first time since the Second World War. But the figure is still higher than countries

within Nato, but other allies

Mr Tom King, the defence secretary, has repeatedly warned about the lack of leeway for early financial savings, despite the "Options for Change" plans announced in July, involving cuts of some 18 per cent in service manpower by the mid-1990s. The inertia of the defence

budget is explained by the long-term nature of military equipment programmes and the expected restructuring costs of Britain's reduced military commitment in Germany. The MoD said yesterday that the spending plans under-scored Britain's commitment to a "strong and flexible force capability, adapting to chang-ing circumstances and maintaining a major contribution to

Economists praise the political gloss on gloomy picture

FORECASTS FOR THE UK ECONOMY

MR JOHN MAJOR, the chancellor, yesterday won the admiration of private-sector economists for his skill in putting the best political gloss on a gloomy set of forecasts for next year. In his Autumn Statement.

Mr Major tacitly acknowledged for the first time that Britain is in a recession and that output will stay depressed in the first few months of 1991.

Mr Major said yesterday, however, that Britain would quickly rise from the slump, showing strong growth in the later half of next year. "The British economy is coming back on track," he told the

On the face of it, Mr Major might appear to be more pessi-mistic than most financial ana-lysts about prospects for next

year. His estimate that Britain's total output next year will rise by just 0.5 per cent is much more gloomy than forecasts drawn up by independent econ-omists over the past few weeks, most of which are predicting more substantial growth for 1991 of up to 1.5 per

But Mr Major made a point yesterday of drawing a clear distinction between the first and second halves of 1991. in the first six months, he believes that total output will stay low, at only slightly above that in the final half of 1990. But he thinks the economy will Brothers, an investment bank.

turn round between July and December next year, expanding by about 2 per cent on the comparable period in 1990. The engine for this expan-

sion appears to be an increase in consumer spending, which the chancellor is forecasting will increase by 1.75 per cent over the whole of 1991 and by a somewhat higher rate in the second half. Mr Major spelt out his vision

of public sector spending in 1991-92 being held back to £200bn. This is a figure roughly in line with predictions and one which, after taking into account inflation, shows only a small amount of real growth on this year's planned total of £180.6bm. He failed to say what he has

in mind for interest rates, which for the past two weeks the City has been predicting will fall in the near future from the current 14 per cent base But it seems likely that for

the chancellor's vision of an output boost in the second half of 1991 to become real, consumer demand will have to be stimulated by a series of reduc-tions in interest rates, backed up perhaps by tax cuts in the next Budget. Economists yesterday said they thought interest rate cuts - of up to two percentage points by the spring - were highly likely. Mr Peter Spencer, chief UK economist at Shearson Lehman

0.5 7.25 5 10.25 5.5 1991 Current PSBR (Sba) 1990-91 1991-92 0.75 -0.5

said: "Mr Major's game plan is to squeeze the public sector and give himself the headroom to expand consumer spending. If he can achieve this, the strategy would hang together quite well. But I have some rent level of 11 per cent". That doubts about whether he can appears to mean that inflation

keep public spending down to the levels he has in mind." Mr Major also discussed: • Inflation. He said he thought retail price inflation had peaked at "around the cur-

for October, to be announced at the end of next week, may show a slight rise on the Sep-tember level of 10.9 per cent. The government is predicting that inflation will decline next year to reach an annual rate of 5.5 per cent by the final quar-ter, in line with independent Manufacturing output. Mr

Major was sombre about the immediate prospects for manufacturing industry, whose output he reckons will decline by 0.5 per cent between 1990 and 1991. Exports are likely to grow next year by just 2.5 per cent next year by just 2.5 per cent, according to Mr Major. This prediction represents a downward revision of the government's own forecasts over the past six months and is much more pessimistic than most private-sector estimates. It private-sector estimates. It probably represents a gloomy view of overseas selling prospects being hurt by Britain's relatively high exchange rate.

• Trade. While exports are likely to grow only slowly next year, Mr Major expects that weak domestic demand in the weak domestic demand in the first half of 1991 will keep down import volumes. These are likely to expand by 1.25 per cent in 1991, half the expected growth figure for 1990. The net effect, according to the Treasury estimates, is that Britain's current-account deficit of a likely £15.5bn this year will shrink to £11bn in 1991. Public spending. Mr Major aims to keep the public spend-

ing planning total at £180.6bn this year, only slightly above the government's previous target. According to Mr Major's figures, the government would be left with a surplus on its public spending account this year of £3bn, compared with the £6.9bn it forecast in the Budget. But some City econo-Budget. But some City economists believe this is over-optimistic, partly because of tax income over the next few months being less than expected due to the recession. Mr John Shepperd, an economist at Warburg Securities, said, "I doubt if Mr Major will see any surplus at all this year."

The recession. Mr Major did not mention this word in his Commons statement, though Commons statement, though he acknowledged that Britain's total output in the second half of this year was likely to be less than the first half — an implicit chick of the second half of this year was likely to be less than the first half — an implicit chickens. implicit admission that Britain is in a recession. According to Mr Major, total growth in output for 1990 is likely to be 1 per cent, a figure slightly less than City estimates. It is very close to the level of 1.25 per cent which he predicted in his previous Autumn Statement. • The Gulf crisis. The chancellor prefaced his statement on forecasts with the caveat that they could be thrown out by developments in the Gulf, particularly by further rises in oil prices. These would both give an extra boost to inflation

and slow down economic activ-

ity, in Britzin and abroad.



That's because Mercedes-Benz hold fast to

the precepts of engineering excellence laid down

by their founders, Karl Benz and Gottlieb Daimler,

more than a century ago. Their convictions have strengthened into a quality

standard that every design 1 1 1

standard that every design idea is still measured against. build a compact car there can

And nowhere is this urge to excellence more reassuringly confirmed than in the be no half-measures current 190 series, a product of the company's eleventh decade of car making.

A PIONEERING REAR SUSPENSION

To the common of the common of

When it first appeared, the 190 gave the world multi-link rear suspension, a new solution to universal problems arising from the conflict between good ride quality and good handling. The elegance and effectiveness of the multi-link design is now acknowledged throughout the car industry, and has since been introduced to other Mercedes-Benz models, including the remarkable new SL sports car. A better testimonial than that you will not find.

But the real triumph of the 190 series is the wholly convincing way it complements the larger, more traditionally sized Mercedes-Benz models. You'll find in the six-car 190 series levels of safety engineering, build quality, on-road assurance, comfort and verve that are the hallmarks of every new Mercedes-Benz – regardless of size.





ENGINEERED LIKE NO OTHER CAR IN THE WORLD In common with its larger brothers, the 190 offers superbly insulated interiors and refined powertrains, height adjustable seat belts that automatically tighten their hold if there's

automatically tighten their hold if there's an accident, and a rigid passenger safety

cell specifically engineered to protect the car's occupants

in a 40% offset frontal collision – the most common type of head-on accident there is – as well as a 100% head-on collision.

SMALL IN TOWN, BIG ON THE MOTORWAY

You will also find compactness and manoeuvrability. A car that feels effortless and substantial on the motorway, but small, parkable and nifty in town. These are universal 190 qualities whether you choose one of the two highly durable diesels, or from the petrol-engined range which includes the agile 190E 1.8, the 190E 2.0 (pictured) and the seamlessly smooth six-cylinder 190E 2.6. From 75 bhp to 160 bhp, simply choose the performance you need.

Now you can add Sportline handling and seating packages. And all the petrol-powered 190 series cars listed above are fitted with closed-loop three-way catalytic converters.

When Mercedes-Benz build a smaller car, '
the only thing about it that's small is the road
space it occupies. Compact in the traffic it may
be, but the 190 series gives a full measure of
Mercedes-Benz integrity.

British Steel to close 'obsolete' Scottish plant

By James Buxton, Scottish Correspondent

BRITISH Steel yesterday delivered the second devastat-ing blow in six months to steelmaking in Scotland when it announced the closure of its tube works at Clydesdale, near Motherwell, Lanarkshire, with the loss of 1,200 jobs. The decision, following the

The decision, following the company's announcement of the closure of its hot strip mill at the nearby Ravenscraig complex with the loss of 770 jobs, was greeted with dismay by the government and fury by opposition politicians. Both fear that the closure of the two plants, scheduled for early next year, presage the end of steelmaking in Scotland within a few years.

few years.

British Steel said that Clydesdale's seamless tube pro-cess was obsolete and faced strong competition from inter-national companies.

The plant had been incur-ring significant losses for six years and world overcapacity of 40 to 50 per cent in its mar-ket precluded profitable investment in new capacity. Efforts to form an alliance with manu-facturers outside the UK had

British Steel is, however, keeping open the nearby Imperial finishing works at Airdrie which employs 400 people. It will process lower cost pipe

from overseas.

Mr Malcolm Rifkind, the Scottish Secretary, said the closure decision was "a very serious blow" for the Motherwall area of Lanarkshire. But he area of Lanarkshire. But he pointed out that because of the plant's losses and the difficult market, the decision to close was not entirely unexpected.

But Mr John Laffery, the trade union convener at the plant, said closure had come as a severe shock. The shop stawards are to meet today to

ards are to meet today to decide whether to campaign to save the plant. Mr Gordon Brown, the oppo-

Mr Gordon Brown, the oppo-sition Labour spokesman on industry, said the decision was "a shameful retreat from a North Sea oil opportunity that ought to be central to the Scot-tish economy". He said, Britain's steel imports, which had already risen from 10 to 40 per cent of its needs, would increase further.

International competition hits steelmaking | UK business 'most pessimistic' in Europe

BRITISH businessmen are the most pessimistic in Europe but business confidence is falling across the world, according to a survey conducted by Dun & Bradstreet

Bradstreet.

The survey shows that a 4 percentage point balance of UK businessman expect sales to fall, rather than rise, in the final quarter of this year, compared to a European average balance of 37 expecting higher

Business optimism across

Europe has fallen to its lowest level since the survey began in the second quarter of 1988. In Britain, confidence has fallen furthest. The balance expecting higher profits have fallen in the UK from 62 to minus 4 over the last two years. The average European balance fell from 40 to 26 over the same

period In each of the 14 countries surveyed, business expectations for fourth quarter sales are down or flat compared to the third quarter of this year. All European countries reported declining sales expectations - but falls were small in the Netherlands, Germany and Italy. The world index of sales expectations fell eight points to 34 from 42 for the final quarter of this year.

In the US, expectations of increased fourth quarter sales and profits have fallen to their lowest level since 1982. Only in Brazil, of the countries surveyed, are businessmen more pessimistic than in Britain.

The survey, covering 10,000 business executives in 14 countries was conducted in September, as businesses world wide were becoming increasingly concerned about the consequences of the invasion of

Dun & Brudstreet International Survey of Business Expectations. Available from Bosan-quet, 50-60 St John Street, Lon-don EC1M 4DT.

London faces review of Chinese walls

UK NEWS

By Richard Waters

THE OPERATIONS THE OPERATIONS of London's leading securities houses were thrown into ques-tion yesterday as the Law Commission announced a review of the legal basis for the way they conduct important parts of their business. The Commission's review, at

The Commission's review, at the request of the government, will trigger a public debate about whether so-called integrated houses always act in the best interests of their clients. The legal debate has not been aired publicly since integrated houses, which combine stockbroking, market making and other functions, were created at the time of Rig Bang four years ago.

four years ago.

The Law Commission will consider the apparent conflicts

between the fiduciary duties of such houses and the regulatory regime set up under the Finan-cial Services Act.

raised is the way the broking arms of integrated houses place business with their in-house market makers, rather than spreading it around the market.

Foremost among the issue

around the market.

A lawyer at one leading City regulator said yesterday: "It may be that the Law Commission will decide that, before dealing with an in-house market maker, an integrated house will always have to make sure that the price obtained is bet. that the price obtained is bet-ter than that available any-where else the market." At present, the Securities and Investment Board allows

such in-house dealing provided it does not breach its principle of "best execution" - aithough in practice this does not mean the price obtained her to be the price obtained has to be better than anything available

elsewhere.

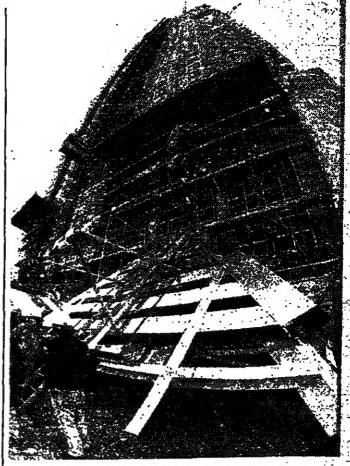
The Law Commission's review also calls into question the use of Chinese walls – the barriers within integrated houses intended to prevent information leaking from one business area to another, to the detriment of clients. the detriment of clients.

In a parallel move yesterday, the SIB issued a new "core rule" stating that, provided Chinese walls remained sound, integrated houses were safe from prosecution for making misleading statments in cer-

Without this protection, inte-grated houses could find in law that information given to one part of its organisation was deemed to be known to all the other parts. However, the effec-tiveness this so-called "safe harbour" protection from the SIB will be tested as the Law Commission investigates the

Commission investigates the interraction of the regulator's rules and fiduciary law.

The SIB said: "We have integrated houses. It's not practical to think about disintigrating them." Instead, if the Law Commission decided that the regulations advanced under the Financial Services Act did not override fiduciary duties, then further refinements then further refinements would have to be made to the existing regulations.



The steel structure of Britain's tallest building, the 800ft office tower at Canary Wharf in London's former docklands, was completed yesterday when the topmost piece of steel pyramid (pictured above), was lowered into place.

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The building, developed by Olympia & York the private property group, and already dominates the akyline to the east of the City of London and can be seen up to 25 miles away.

recognised across national borders were based too heavily on the academic and theoretical content of courses.

The government has been criticised concerning the framework of National

Vocational Qualifications
which it is trying to introduce,
on the ground that people can
gain certificates without
studying for a fixed length

The government fears that the two directives would

prevent some of the qualifications which will be recognised in Britain from being recognised in other EC

BMA loses

flight battle

The Civil Aviation Authority

(CAA) rejected an attempt by British Midland Airways

an application by BA to operate scheduled services between London Gatwick and

sirlines, Dan-Air and Air

The decision on the UK

with BA on a number of

competition on the three

its flight frequencies in an effort to drive out competitors.

3i to make

especially on the

mestic routes is a blow for BMA which has been engaged in a fierce competitive battle

domestic shuttle services, but

Heathrow-Glasgow route. BMA claimed that BA was damaging

mestic routes by increasing

1.000 redundant 31. Britain's largest venture

capital company, is to make nearly 80 of its 1,000 staff

redundant as the culmination of an efficiency programme launched just over a year ago.

The redundancies, which

were announced to staff this

employees in administrative and support departments and not in the mainstream

company's operations, Mr David Marlow, chief executive,

redundancies were linked to

Aids claims to go to court

Mrs Margaret Thatcher said

compensation claims by haemophiliacs infected with the Aids virus through contaminated blood products

would have to be settled in

the growing political row over additional compensation by the government could be

defused by an early

blood-clotting agent.

out-of-court settler

victims' lawyers. More than 1,000

downturn or to any difficulties in the venture capital

week, mainly involve

financial area of the

said. He denied that the

the present economic

industry.

Paris Orly to safeguard the existing services on this route operated by two smaller UK

MAKING SHORT Long Haul.

WHAT USED TO BE A HOP AND A STEP

THANKS TO LUCAS TECHNOLOGY.

LUCAS DEVELOPED THE ELECTRONIC FUEL

CONTROL SYSTEMS WHICH LAST YEAR HELPED ROLLS-ROYCE TO POWER A BORING 747-400

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THE COLOUR OF INNOVATION



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Jackson: qualification fears

BRITAIN IN BRIEF



New powers of arrest in N Ireland

The security forces in Northern Ireland are to be given extended powers of search and arrest of suspected terrorists or their sympathisers under new anti-terrorist legislation. The new Northern Ireland (Emergency Provisions) Bill announced by Mr Peter Brooke, the Northern Ireland (BMA), the second tier UK sirline, to restrict British Airways flights from London Heathrow to Belfast, Edinburgh and Glasgow. But the CAA also refused

secretary last night, also creates a new offence of "going equipped for terrorism." The bulk of the new legislation re-enacts existing anti-terrorist laws dating back to the 1970's, at the height

of Northern Ireland's The laws, some of which have been criticised by civil liberties groups, proscribe terrorist organisations and allow terrorist offences to be tried by a single judge without a jury. They also retain the controversial power to intern which has not be used since 1975.

Jaguar workers accept pay deal

Jaguar, the car manufacturer. was given employee approval to implement widespread changes in working practices when manual workers voted in favour of a 12.5 per cent pay

Concern, however, about the changes were reflected in the narrowness of the majority in favour of the agreement. In the ballot 4,133 were for acceptance, with 3,262 against. That means that 43 per cent of the 8,000-strong manual workforce were unhappy with a deal which, in pay rise terms, is one of the highest in the

Tension on qualifications

current UK pay round.

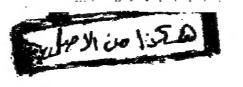
Tensions between the government and the European Commission over British attempts to harmonise vocational qualifications were indicated by a government response to commission proposals to improve worker

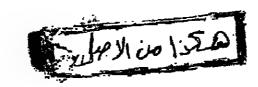
mobility. Mr Robert Jackson, employment minister, said two draft directives setting out which professional qualifications will be

court.
The prime minister's
comments set back hopes that
comments set back now over haemophiliacs have been infected with Aids from a

Vauxhall leads fleet market

Vauxhall last month became the UK fleet car market leader for the first time, displacing Ford from the position it has held for nearly two de-





FT LAW REPORTS

Arbitrators' conduct is proper

K/S NORJAL A/S v HYUNDAI HEAVY INDUS-TRIES CO LTD Queen's Bench Division (Com-mercial Court):Mr Justice Phillips: November 6 1990

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Police Contract Contr

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AN ARBITRATOR commits desconduct if he insists on a commitment fee, having accepted appointment without reservation; but he is entitled to negotiate such a fee if the parties, after his appointment, require him to make a commitment as to time and dates which is beyond his contrac-tual duties. It is desirable that he should reach agreement with both parties, to exclude the appearance of bias, and he acts properly if he declines to conclude an agreement with one party only to which the other party objects.

Mr Justice Phillips so held when making a declaration sought by the plaintiff, K/S Norjarl A/S, that Mr Stewart Boyd QC and Mr David Steel QC, were fit and proper persons to act as arbitrators in its dispute with the defendants, Hyundai Heavy Industries Co Ltd. He dismissed Norjarl's claim for a declaration that a fee arrangement between the arbitrators and one party only would not raise any imputa-

HIS LORDSHIP said that Hyundai were Korean ship-builders. They contracted to build a drilling rig for Norjarl, a Norwegian limited partnership. Norjarl refused to take delivery. The dispute in arbitration was whether Norjarl was contractually entitled to

The arbitration clause in the construction contract provided that arbitration should be by three arbitrators. No provision

was made in respect of fees. In January 1987 Hyundai appointed Mr Cedric Barclay. and Norjarl appointed Mr Stewart Boyd QC. In May Mr David Steel QC was appointed as third arbitrator. The appointments were accepted without reference to fees. Early in 1989 Mr Barclay died and on

May 23 Mr John Estes was appointed in his place.
In February 1990 the parties invited the arbitrators to reserve 12 weeks for the hear-

ing, from April 28 1992. The arbitrators replied that they would commit themselves to those dates at a £120,000 fee for each member, 10 per cent to

be paid by the parties on fixing the hearing dates, the balance in equal monthly instalments. Solicitors for each party replied that the proposed terms were not acceptable. Mr Steel on the arbitrators' behalf said

the proposal was intended to strike a fair balance between the need to keep clear a quarter of their 1992 diary, and the possibilities of settlement before the arbitration commenced. They would accommenced the possibilities of settlement before the arbitration commenced they would accommenced they would be settled to the settled they would be settled to the settled they would be settled to the settled to the settled they would be settled to the set menced. They would consider alternative suggestions. Ince & Co, Hyundai's solici-

tors, wrote stating they had no counter-proposal. Mr Steel and Mr Boyd offered to resign. Mr Estes wrote saying he did not require a commitment fee. Clifford Chance Noriarl's soliciford Chance, Norjarl's solici-tors, made counter-proposals

which were not accepted.
On June 20 1990 Clifford Chance put forward a further revised proposal, by which Norjarl would agree to a £102,000 fee, £5,000 to be payable when dates were fixed and £5000 a year later. £5000 a year later.

Mr Steel and Mr Boyd regarded the proposals as satisfactory. Before accepting them they sought assurance that Hyundai had no objection.

Ince & Co replied that it felt such arrangements were inap-propriate when agreed by only one party, "in light of the gen-eral principle that arbitrators must be seen to be impartial".

Mr Steel wrote to both solicitors, "we note with dismay that the claimants' view is that we might not be impartial in the event of accepting the pro-posals. In the circumstances, we have no option but to

Norjarl issued a summons seeking a declaration that acceptance of its fee arrange-ments would not raise any imputation of bias, and that Mr Boyd and Mr Steel remained fit and proper persons to act as arbitrators. Hyundai issued a cross-summons seeking their removal on the ground that they "misconducted them-selves by making and persist-ing in certain requirements in respect of fees and security for such fees to which they are not

entitled". The first issue was whether the arbitrators had committed

misconduct.
Mr Beloff for Hyundai submitted that the arbitrators' contractual right to reasonable remuneration did not entitle them to a commitment fee; and that seeking to exact a commit-ment fee as a pre-condition to continuing with the reference constituted misconduct.

Mr Sumption for Norjari con-tended that the arbitrators' contractual obligation to exer-cise due diligence in perfor-mance of their functions, did not extend to making firm commitment to hold 60 days available two years in the future; and that it was reason-able to require a commitment

nature. By accepting appointment Mr Boyd and Mr Steel undertook "to use all reasonable despatch in entering on and proceeding with the reference" (see section 13(3) Arbitration Act 1950). Having accepted appointment, they became entitled to reasonable remuner-

ation for their services.

fee for a commitment of that

Acceptance of appointment did not carry with it any right to a commitment fee. There was no basis on which entitlement to such a fee could arise as an implied term. For an arbitrator who had

accepted appointment without reservation subsequently to insist on payment of a commitment fee as a condition of con-tinuing to perform his services, would constitute misconduct.
Whether such misconduct justified his removal depended on

the circumstances.

Mr Sumption pointed out that the arbitrators' request for a commitment fee was a response to the parties' request that they commit themselves to hold available 60 days in the middle of 1992. What had occurred, he said, was that parties and arbitrators had reciprocally sought to negotiate a degree of commitment that went beyond that implicit in the original appointment.

The submission was accepted. Mr Boyd and Mr Steel's duties as arbitrators did not require them, at the par-ties' request, to hold available a 60 day period some two years ahead.

The commitment the parties were seeking went beyond the arbitrators' duties. In those circumstances it was not improper for the arbitrators to respond to the parties' request for such a commitment with a proposal that they should, in return, be granted a commit-

It certainly could not be said that the arbitrators' conduct in so doing was misconduct ren-dering them unfit to continue as arbitrators. Mr Boyd and Mr Steel remained fit and proper persons to act as arbitrators.

The second issue was whether the arbitrators could properly conclude an agreement for a commitment fee with Norjari alone.

Mr Beloff and Hyundai did not suggest the arbitrators were actually biased. They con-tended that the arbitrators had no right to require a commit-ment fee; that the terms proposed were not reasonable; and that it was inappropriate for the proposed agreements to be made with only one of the par-ties, in the light of the general principle that arbitrators must be seen to be impartial.

If an arbitrator wished to stipulate the amount and basis of his remuneration as a condition of acceptance of appoint-ment it was desirable that he should, if possible, ensure that those were accepted by both

If one party, in apparent good faith, objected to the pro-posed terms on the ground that they were unreasonable, the arbitrator should hesitate before accepting appointment on the basis of agreement with

the other party alone.
Once the arbitrator had accepted appointment it was even less desirable for him to conclude an agreement that affected him personally with one party if the other was not prepared to join in that agree

Exceptionally that might be a proper thing to do if the other party confirmed that no objection was taken to the pro-posed agreement. If the other party objected it was hard to conceive of any circumstances in which it would be appropriate for the arbitrator to conclude the agreement.

It was important that arbitrators were seen by parties to be acting impartially, even-handedly and with rectitude, if an arbitrator agreed with one party that he would receive fees on a scale or on terms that the other party did not con-sider reasonable, there would be a risk that he might lay

himself open to bias.

Mr Steel and Mr Boyd acted properly in declining to con-clude an agreement for a com-mitment fee unless assured that Hyundai had no objection to their doing so.

For Norjarl: Jonathan Sumption QC and Mark Howard (Clifford Chance) For Hyundai: Michael Beloff QC and Timothy Wormington (Ince & Co)

Rachel Davies

Barrister

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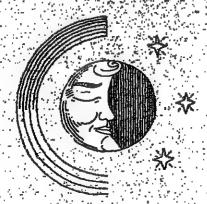
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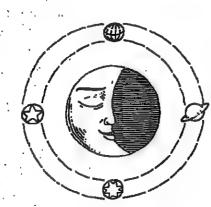
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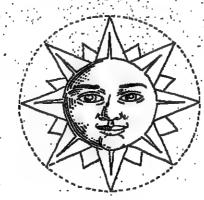
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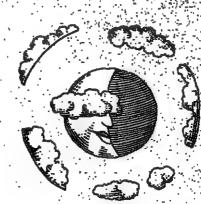
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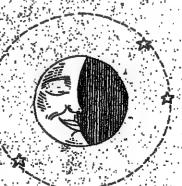


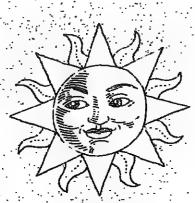


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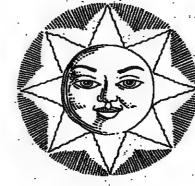


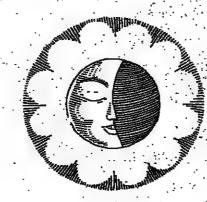


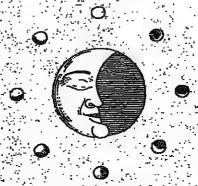




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TECHNOLOGY

ouncing putty – "silly putty" – is a smart material. It is a silicone compound that can be worked with the fingers like modelling clay. But roll it into a ball and drop it and the substance bounces. Its physical properties depend on the rate are placed its shape is changed plastic if changed slowly,

ment - to physical, chemical or electrical stress, for example - by changing their proper-ties, just as a chameleon's skin adapts to its surroundings. Photochromic glass darkens in bright sunlight to lessen the glare in spectacle lenses, then clears quickly when the wearer moves out of the sun. Silica fibres are being developed that fluoresce according to the

amount of acid present.

Metals and polymers can be made to remember a previous shape, then revert to it when the temperature is right. The idea is used in aircraft engineering to make seals and joints in inaccessible places. The Japanese invented a brassiere reinforced with a frame of "memory metal" that would collapse while the garment was being laundered but regain its precise shape and size before it

was worn again. Some smart materials – like some smarr materials — like bouncing putty — have been around for a long time, often discovered by chance, and frequently failing to find a significant use. Academic scientists have been highly productive in finding novel materials that are left searching for uses,

David Fishlock looks at the market for 'intelligent' substances which change their shape and properties

Materials with a elastic if changed fast. Smart, or intelligent, materials respond to their environment - to physical chemical

often unsuccessfully.
"There's a whole host of interesting materials out there," says George Whitesides, professor of chemistry at Harvard University and a member of General Motors' technical advisory committee. But he believes the traditional academic approach of invent-ing materials and hoping some-

one else will find a use is beginning to change.

For one thing, the chemical industry is beginning to identify niche markets that could be a supported by the could be suppor be profitable for kilos of smart materials with novel electronic and electro-optical properties. "The margins are not as good as for pharmaceuticals but they're a lot higher than for polystyrene," Whitesides says. The term "smart materials"

may be just what materials science needs to add glamour to new materials development, thinks Cyril Hilsum, GEC's research director. He recounts how, when researching gallium arsenide as a new material instead of silicon for semiconductor "chips", he suddenly

excited new interest by talking of the "red-hot transistor". One US academic speaks of "a higher form of materials systems and structures." America even has its own spe-cialist publication – the Jour-nal of Intelligent Material Systems and Structures.

Smart materials have an inborn ability to sense change in their surroundings, as gallium arsenide does for infra-red radiation; or else they are engi-neering systems with sensors designed as an integral part of the material. Research engineers with the Jet Propulsion Laboratory in California talk of putting nerves into steel skele-tons with their efforts to develop supporting structures for a space telescope that would prevent any mechanical vibration from the spacecraft's rockets reaching the lens. Their nerves are a ceramic which when squeezed mechanically stressed - gener-

ste a voltage.

By using such piezo-electric crystals built into the structure of aluminium tubes they

tional to the amount the tubes move when vibrating. Their crystals take the form of small stacks of washers of a piezoelectric ceramic called lead zirconate titanate (PZT), which act as pistons built into the tubes. The voltage generated by the slightest movement of such a piston is fed back to correct the amount the tube

has moved.

This research is part of the newly organised control-struc-ture interaction research programme, set up by the US National Aeronautics and Space Administration to study vibration and other aspects of control in scientific spacecraft

piezo-electric crystal and you get a highly sensitive sensor. Du Pont's central research and development department recently reported that it could measure very slight changes in mass, of the order of one billionth of a gram per square centimetre, in this way. This

Apply an electric field to a

OPTICAL SENSORS FOR THE SMART POWERPLANT

Temperature sensors - early warning of over-heating

Chemical sensors - constant control of corrosion by monitoring pH Electric field sensors - to detect insulation breakdown

Voltage/current sensors - to measure volts and amps

Leak sensors - to detect small leaks of water or steam before they become serious

Personal sensors – built into protective clothes to warn of environmental hazards

soes to monitor highly stressed components such as turbine discs or

balance right where chemical changes are taking place - at the surface of an electrode in an electrochemical reaction, or while a semiconductor film is

Wolfgang Jentzsch, board member for chemicals with BASF, told a scientific symposium in Ludwigshafen last Sep-tember that his industry tember that his industry urgently needed ways of measuring many commonplace events while they are taking place inside its chemical reactors, including changes in product state – liquids crystalising to solids, for instance – and the size, shape and other properties of the resulting crys-

Whitesides, addressing the same symposium on what chemistry might offer in the next 20 years, forecast that the development of smart materials and structures - which he defined as those which respond

to their environment with large changes in one or several area of materials development Examples he cites include

ferro-magnetic fluids which change shape in response to a magnetic field and can provide a new kind of hydraulic seal; and electro-rheological fluids which change viscosity from free-flowing to solid at the flick of a switch, and can be used to make a new kind of clutch. He says he hopes smart materials will introduce not just improved properties, such as composite materials will offer. but fundamentally new proper-

Transparent fibres have enormous potential in smart materials. It has been discovered that they can sense many of the changes of engineering interest - temperature, pressure, strain, even chemical changes - and relay this infor-

mation unaffected by the environment. A new kind of com-posite material is now within sight in which transparent fibres provide nerves rather than sinews; channels through which the material can report continuously to a central brain on the conditions it is encountering.

Aerospace engineers see such smart structures as the way to monitor the most highly stressed parts of an airframe for creep or cracking, allowing their machines to perform safely while nearer the limits of their materials. In nuclear weapon tests such

optical sensing techniques have been used to retrieve data on the chemistry as well as the physics of H-bomb explosions before the smart materials

The US electricity supply industry is adapting these ideas to monitor power plants

for the first signs of breakdown, to try to avoid the cata-strophic effects of a turbo-generator or a transformer exploding. The Electric Power Research Institute (EPRI) in California, co-operative research centre of the US electricity industry, has a research programme aimed at following plant changes through fibre-op-tic sensors buried in highly stressed engineering components. (see illustration).

In some cases it may mean using fibres of sapphire rather than cheaper ones of glass or silica. It does mean inventing microminiature sensors such as pressure transducers smaller than a pinhead, to form the nerve endings.

EPRI and the electricity company Consolidated Edison are funding Battelle, the research contractor, to develop a tem-perature sensor that might be used to warn of incipient hotspots in a high-voltage environment such as transformer or generator windings, or on transmission lines. In this case the artive length of the the entire length of the fibre will act as a sensor. Scanning such a fibre with optical radar can locate trouble within 2cm, EPRI scientists say.

EPRI is working on a project to monitor the performance of a power station chimney throughout its length. Another focuses on measuring the pH value of hot water by incorporating a dye in the fibre that fluoresces as a function of pH. A US utility seminar identified more than 50 ideas for optical sensing of potential use to the electricity industry.

The Commodore for everyone

JUST in time for the dore, the personal computer maker, has launched a home computer system in the UK which bridges the gap between the juvenile PC for playing games — and the adult home computer — for writing letters and doing the

The Amiga 1500 personal home computer is bundled with a range of business and games software — such as word processing for Mum, spreadsheet for Dad and the spreadsheet for Dad Shd line painting game Deluxe Paint for the kids. To take advan-tage of the games software, the machine combines sound colour and graphics, while with the addition of an extra board the Amiga 1500 can run the MS-Dos operating system, used for most busi

ness computing packages. The Amiga 1500 is based on a Motorola 68000 procesor, has 1Mbyte of Internal 9Mbytes, and two floppy disc drives. The machine will sell in the UK for £365.59.

Banking on the piastic stamp

THE world's first plastic postin the US — but not via the normal post office outlets. Instead they are being sold through the hole-in-the-wall ATM machines of one of the

country's banks.
Dollar-bill stand shoots of
25 cent stamps cents are on
sale in a trial run by the Seattle National Bank through 100 of its machines. The self-adhesive stamps

are made by the US Postal Barvice from a self-adhesive polyester laminate developed by the Fasson Roll Division of Avery Dennison, of Ohio. The material comprises 10 layers, including a water-thin printed label of polyester film, a pressure sensitive adhesive backing for bonding the stamp to the envelope and a phosphorescent varnish coat which enables the Postal Ser-vice to detect and cancel mail utomatically. There is also a water-solu-

ble layer to enable stamp col-lectors to remove the stamps from the envelopes by soak-

CFCs caught in a flux

JAPANESE electronics manutacturer NEC has developed a way of cleaning its printed circuit boards without the need to use chlorofluorocarbons (CFCs) to clean away any residual flux - the mate rial which sticks the components to the boards.

instead the system sprays the flux in the form of a fine mist from a spray gun. Any powder residue is then devoured through a suction

One advantage is the 20 per cent cut in the amount of flux used compared with more conventional methods The Microcot HY-10, as it is called, is already being installed in NEC factories -which between them used 260 tonnes of CFCs for remo ing flux during 1989. The

True colours of illicit substances

equipment will also go on sale to non-NEC companies from December.

THE snifler dog and the metal detector could be out of a job If a family of spray drug and explosive detection devices



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Developed by Erez Forensic, of Jerusalem, Individual tests can detect minute quan heroine or plastic explosives. To use the tests a strip of paper treated with an extremely sensitive chemical is rubbed over the surface to be lested — the ordalde of a suitcase, say, or the fin-gers of the potential culprit. The reagent is then sprayed on and if the lilicit substance is present a brightly coloured

The test is sensitive enough to detect as little as one millionth of a gram of the Blicit aubstances, and productive results in seconds.

the survivors

IT may be doom and gloom in the economy, but the com-puter industry can look forward to considerably better times ahead, according to the latest report from cons

iants Ovum, of London. According to the report the computer industry will grow by an average of 11 per cent a year through the 1990s. By the year 2000, says Ovum, the industry's sales will be three times what they are

foday in real times The best news is for the oftware, services and data communications sectors demand for their products will rise sharply. The deman for computer hardware will

not grow so rapidly. The report was complied following interviews with major computer users in both Europe and the US.

Little fish in a big 'glow net'

FISHERY scientists are trying to find out why, and to what extend, fish respond to light in order to ensure that small inedible fish are not caught along with their larger breth-ren, writes Robin Burton. It is already known, for

example, that fish are often aware when a trawl net is moving towards them but do not try to escape until they can see it.

The scientists at the Department of Agriculture and Fisheries for Scotland Marine Laboratory are now experi-menting with various shapes and sizes of "glow netting", fitted into cartain perts of the net, with the aim of directing small fish to sections with large mesh so that they can

get away. Larger fish will not be able to follow. The "glow nettling", manu-tactured by the net-making company Nichimo, in Japan, has the unusual shilling to has the unusual ability to store light, and then radiate it when placed in a dark area such as in deep water at sea. The glow may last as long as five or six hours.

Contacts: Commodore: UK. 0628 770088, Fasson, US. 216 357 4700. NEC, Jepan, 03 454 1111, Erez Forensic: Israel, 253 5453. Ovum: UK, 071 225 2670. Scotland Marine Laboratory: UK. 0224 876544.



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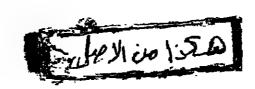
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THE PROPERTY MARKET

A wary path to the continent

By Vanessa Houlder

ast month, European Land unveiled plans for a £2bn business and housing development in Spain with a flourish. Its 5,000 acre site, north of Madrid, will be one of the biggest mixed schemes every undertaken in Europe. "Parque Valle de Cer-rato breaks the traditional mould of Spanish commercial development..." it pro-

In joining the scramble to build in Spain, European Land is writing another chapter in the long, sometimes chequered history of British develop-ments on the continent. UK developers have frequently brought new skills to the rest of Europe but, as often as not, their forays have ended in

The story began in the 1960s and the 1970s, when UK developers first decided to make inroads into the continent. With their entrepreneurial talents, they reckoned that they could run rings around their

However, it was nothing like as easy as they expected. UK developers had problems with the language and conventions of the continent, where, for example, estate agents often acted for both the buyer and the seller in a deal. In addition, there was little scope for speculative development. In Germany, most companies built their own offices; in Scandinavia, the economy was planned; in France, the planning and tax laws kept developers at Brussels, however, offered

possibilities. Its planning authorities were more permissive than most and furthermore, the Belgians showed themselves to be tolerant of the peccadillos of UK developers. Not surprisingly, Belgium was a magnet for UK developers – for a time, it ended in disaster, with a glut of office space and falling prices. space and falling prices. The Brussels experience made many developers retreat back to the UK. Some property com-

panies, however stayed in con-

RENTAL GROWTH (%) All property Year to Sep '90 Quarter to Sep '90 Month of Sep '90

tinental Europe. The most notable were MEPC, Heron and Hammerson, which created strongholds in Germany, Spain and France respectively.

These companies have

inspired imitators. "At the moment, there is a great deal going on," says Mr Russell Schiller of Hillier Parker, surveyors. "There are a lot of new-

Like their predecessors, the new wave of developers mov-ing onto the continent believe they have a lot to offer in terms of development skills. "The entrepreneurial developer in the UK sense is fairly unknown on the continent," says Mr Schiller.

European Land is typical in belleving that the continent offers scope for its talents. It was invited to lead the devel-opment in Castilla y Leon in northern Spain by the regional government because of its experience with business parks in Newcastle and Ashford.

Mr Jim Cookson, European Land's chairman, reckons that the proposals will leave Spain's commercial developments -traditionally limited to modest, unlandscaped schemes of more regimented design - far behind. "We are building the next generation of business parks, which don't yet exist in Europe," he says. He believes that phase 1 of

the scheme will be under way in the next six months because of advance preparations made by the regional authorities and their determination to keep job creation promises. For this reason, he thinks the enterprise will be faster and simpler than a comparable project in the UK. If so, European Land will be luckier than other UK developers which have crossed the Channel Adjuster, the host

opers which have crossed the Channel. Arlington, the business park developer owned by British Aerospace, has been nominated to build a park near Calais. They have been forced to make changes, particularly concerning the density of the development. "The French perception of a business park is inevitably different to ours," says Mr Humphrey Price, a director.

Mr Brian Bennett, chairman of Dixon's Property Division, underlines the problems. "You need patience and commitment... and you need to play the political game," he says. Despite the difficulties, Dix-ons is one of the largest UK developers overseas with investments in Portugal, France, Luxemburg, Belgium

and Germany.

Dixons' overseas expansion hinges on first finding the right proposal, then establish-ing a local office. "We employ locals and ensure that they genuinely understand our phi-

losophy," says Mr Bennett. That approach is also recommended by Mr Chris Peacock of Jones Lang Wootton. "You need expertise and, most importantly, you need people to devote a lot of time to find-

ing the product. Otherwise you hear ahout everything last."

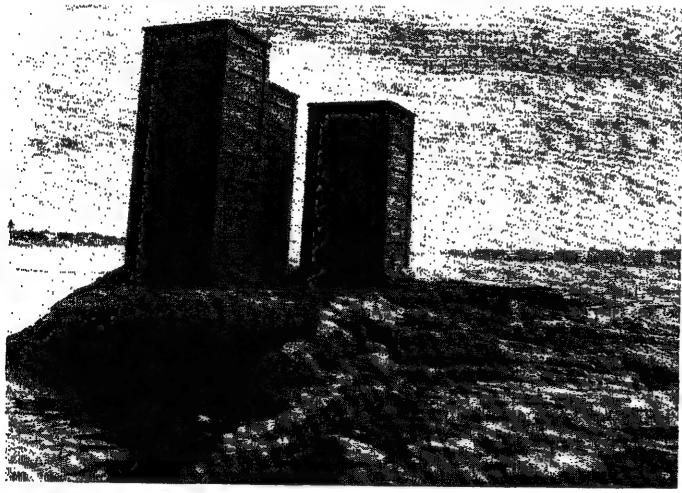
Mr Peacock thinks that small developers realise this and have been deterred. "When it comes to the crunch they have not got the resources to have not got the resources to do it properly," he says. He reckons that, although many developers have shown an interest in the continental mankets, there will be little action. The ups and downs of the UK market may have distracted UK developers from continental forays. When times were good in the UK, they were fally occupied; now times are bad they are not in an expansionary mood.

sionary mood.

If so, it bodes well for the long term health of the continental markets. As shown by the experience of Brussels in the experience of Brussels in the early 1970s, a new-found enthusiasm for a particular market can spell disaster. "One needs to tread pretty carefully with hot money around," says Mr James Tuckey of MEPC, which has developments in Germany and investments in Paris, Sweden and Austria. "The trouble is that everybody says Europe is the place to be.



Beiglum was a magnet for UK developers. It ended in disaster, with a glut of office space



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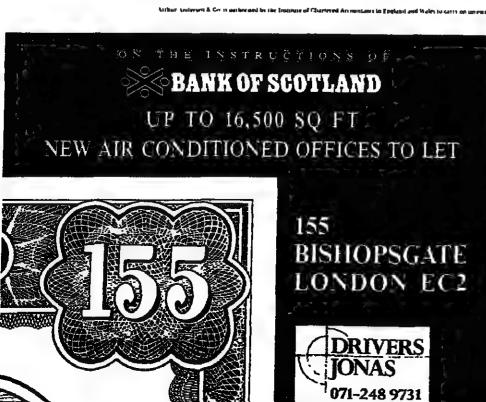
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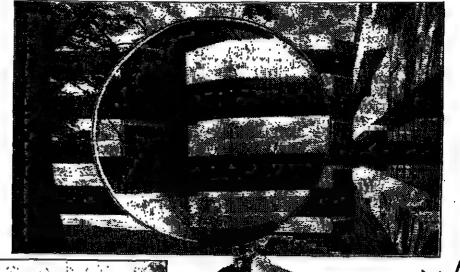
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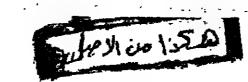


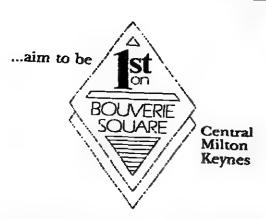
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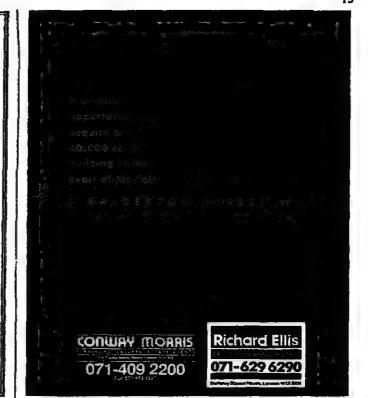
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The Head Office and Factory of Ceylon Oils & Pats Limited are located at Seeduwa - a coastal village 20 cilometres North of Colombo. It has a land extent of 45 acres which will be leased out from the Government of Sri Lanks on a long term busis, and has the following facilities.

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and other inputs and guidelines.

The Feed Millers/Oil Millers should in addition agree to depend solely on locally produced inputs like Soya. Beam and Maize and also explore markets abroad for export of raw products or finished products. Proposals should contain a definite commitment to future investment in the promotion of the cultivation of Soya Bean and Maize within a period of four years from the date of acquisition of shares. Proposals should be submitted by the Bidder/s together with the following documents:

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 Audited Financial Statements for the last 2 years. 3. Banker's Reference.

Financial proposals should contain definite investment plans including means of financing and clearly ndicate the extent of infusion of foreign capital, if any,

Souled bids should be delivered in person or sent under registered cover or other means to reach the Chairman; Cabinet Appointed Tender Board for Divestiture of Ceylon Oils & Pats Limited, Ministry of Agricultural Development & Research (Procurement Unit) 2nd Floor, Agrarian Services Department Building, No. 42, Sir Marcus Peruando Mawatha, Colombo 7. before 2.30 pm on Friday 28th December, 1990 or should be deposited in the Tender Box kept for this jumpore at the said address before 2.30 pm on the said date.

Bid Porms could be obtained from the Chairman of the Tender Board on payment of US \$ 100/- or the quivalent in Sri Lankan Rupoes.

A pre-bid meeting will be held at the Head Office of Ceyton Oils & Fats Ltd., Seeduwa at 2.30 pm on Friday, 23rd November, 1990 with the prospective Bidder/s or their representatives to apprise them of the salient points of the Bids.

Technical proposals will be evaluated initially. Financial proposals will be evaluated on a date which will be notified to the prospective Bidder/s by the Chairman of the Tender Board for the Divestiture of Ceylon Bidder/s or their Authorised Representatives will be eligible to be present at the opening of Bida. For further particulars relating to Ceylon Oils & Fats Limited and for appointments to visit the sites

d, please contact the Chairman, Ceylon Oils & Pats Limited, Seeduwa, Telephone: 0303537. Telex: 21256 FATSCO CE. Fax No. 0303537. MINISTRY OF AGRICULTURAL DEVELOPMENT AND RESEARCH

(Procurement Unit) 2nd Floor, Agranan Services Department Building, 42, Sir Marcus Fernando Mawatha, Colombo 7.

Chicago Historical Society. A House Divided, America in the Age of Lincoln. Documents,

nementos and personal effects of the Great Emancipator

Art Institute. The Russian Taste

for French Painting is a tribute

to the cultural impact of improved Soviet-American rela-

pieces borrowed from the Her-mitage and Pushkin Museums.

Works from Poussin to Matissa

include Manet, Renoir, Cezanne

Masterpieces of Japanese Art. This selection of 250 major works has been drawn together to mark

Emperor. It includes rarely seen pieces from the Shosoin Treasu-

rehouse in Nara, the Horyali Temple, the Imperial Household collection and elsewhere.

National Museum. Closed Mon-

days. Hara Annual 10. Since its estab-

show of young and emerging Japanese artists: an opportunity

to observe new developments . and directions in Japanese art

Arabu Museum of Arts and Crafts. Ukiyo e prints and paint-ings of flowers and birds: from the Rockefeller collection in the

shige.
William Blake: 200 iodiosyncratic
works by the English revolutionary, visionary, poet and painter.
Purt of the UK 90 Festival.

US. Among the artists repre-sented are Hokusai and Hiro-

lishment ten years ago, this museum has held an annual

the accession of the new

and Gauguin.

Tukyo

tions with its French master-

EXHIBITIONS

Royal Academy of Arts. Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition has sent reviewers scurrying to explain the artist's double vision. Burlington House,

THEATRE

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments including the Louvre, Musee d'Orsay and Versailles. From a Pissarro gouache showing in hazy blues, greens and greys two women returning from the fields to a pleasing Berthe Morisot portrait of young girls the poetry of Miro's flying star, Daniel Malingue has assembled works of rare quality to repre-

of T.S Eliott words, Lloyd Web-ber music and feline dance has made this Britain's longest run-

Aspects of Love (Prince of Wales), Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Gar-nett's 1955 novella. Musically interesting and well directed

Absurd Person Singular (White-hall). Revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond. Richard Kane and Lavinia Ber-tram on fine form in a production which confirms Ayckbourn's early bleakness (071 867 1119). Extended until January Man of the Moment (Globe) Nigel Planer and Gareth Hunt in another Alan Ayckbourn play, this time about media manipula tion (437 3667) Into The Woods (Phoenix) Julia

Mckenzie shines as the witch in Stephen Sondbeim's compendium of fairy tales. The title song is more memorable than a storyline that descends into recrimipation and chaos as the characters' dreams turn sour. (867 1004) Cats (New London). The formula

enrich, in lieu of death duties, the French national collections. The exhibition begins with the blue period and ends with the

ent his favourite period. 26, ave

days except Sun, Mon mornings

and lunchtimes. Ends December

Galerie Maurice Garnier. Ber-

nard Buffet - La Bretagne. In his unmistakable spiky hand-

writing, the painter beloved by

6, ave Matignon (42256165). Closed Sun, Mon and lunchtimes

Musée des Arts Decuratifs. Pan-oramic wallpapers. If a wealthy French bourgeois of the 19th century feit the need for chan-geln his comfortable but some-

what boring life, a panoramic decor covering the walls of his

salon would instantly transport

him to an exotic scene. There was an endless choice of subject and locations — Peru with lush

in Paris. 107, Rue de Rivoli (42863214), closed Mon, Tue. Ends January 21. Haboldt and Co. The newly

opened gallery presents in its luxurious setting a selection of old masters from Holland, Ger-

many, France, Belgium and Italy with names as diverse as Ter Borch and Canaletto, Boucher

St Honoré (42995881). Grand Palais. Picasso. A portrait of Jacqueline Picasso with her

hands crossed round her knees

is the symbol and the central point of an exhibition of 47 paint

ings, two sculptures, 40 draw-

ings, 24 sketchbooks, 19 ceral and 247 engravings and litho-graphs which have come to . 24 sketchbooks, 19 ceramics

and Tiepolo. 137, rue du Fbg.

the Japanese, pays homage to Brittany's ports and beaches.

Matignon (42666033). Open all

ning musical. (405 0072)

Stalbouderij Theatre Company in *The Glass Menageria* by Ten-nessee Williams, directed by Nancy Gabor, Stalhouderii (1st Nancy Gabor, Standoueri (1922 282). Bloemdwarsstraat 4) (262 282). International Puppet Theatre festival. The Story of the Jade Lotus from China's Puppet Theatre of Sichuan. Kleine Komedie (Amstel 56) (240 534).

New York Feisettoland (Lucille Lortel).

It will be known as the music about Aids first hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a Bar Mitz-vah and his parents, all three of them (924 8782). Grand Hotel (Martin Beck). Tommy Tune, Broadway's pres ant musical doctor, directs this shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat ran-dom setting (246 0102). Cats (Winter Garden). Still a sellobsessive erotic works of Picas-so's last 10 years. A period whose importance has only recently been recognised. Closed Tue, Wed late closing, ends January

Brusseis

Musée d'Ixelles, L'Impression-isme et le Fauvisme en Belgique is a major exhibition of Belgian painting from the 1880s to the 1920s. While several artists followed the lead of French impressionists and German expression ists, others such as Claus.
Stobbaerts, Wouters have a distinct and increasingly valued style of their own. The finest show seen in Brussels for some time. Closed Mondays ends December 16.

Galerie de la CGER. The Belgian

Polgium's cultural Dynasty and Belgium's cultural Development, daily, ends Janu-

Palais des Beaux-Arts. 5 million years: The Human Adventure. Man's evolution seen through 200 Paleontological exhibits. Daily ends December 30.

Musée d'Art Moderne, Place Royale. The Goldschmidt Collection of modern paintings recently left to the museum is on view in its entirety for the first time.

Works by Braque, Chagall, Hockney, Klee, Miro and others.

Closed Monday, ends December

Centro de Arte Reina Sofia. After undergoing seven months of major reforms the centre reopens as Spain's "national" contemporary art museum. Memory of the Future: Italian art 1900-1964 is the most comprehensive show

set to music is visually startling and choreographically feline (239 6362). Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway

ns in pageantry and drama

(239 2200).

Phantom of the Opera (Majestic).
Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London (239 6200). Gypsy (St James). This 30th anniversary production is a reminder of the heyday of the American musical with memorable tune after memorable tune, as well as a forceful plot about the ambitious stage mother who encour-ages her daughter even into bur-lesque (246 0102).

Rabuld: Performances at Rabu kd-za centre around a name-tak-ing ceremony for the actor Sen-jaku, who follows in his father's footsteps to become Ganjiro III. Both performances (11am. 4.30pm) are mixed programmes, combining drama, spectacle, song and dance. Earphone guide in English and English-language programme [54] 3131).

organised to date on 20th century

Fundacion Juan March, Cars, Andy Warhol's unfinished series of car drawings and paintings, commissioned by Dalmier Benz on the centenary of the invention view at the foundation on loan Ends January,

Bercelona

Moseo de arte Moderno. Modern-ism. A comprehensive show of modernism as "total art". Organ-ised by Olimpiada Cultural, the aim of the exhibition is to show off Barcelona's rich modernist inheritance in all its different inheritance in all its different aspects: including painting, poers, jewelry, furniture, stained glass, wrought fron and ceram-ics. Many of the items on show belong to private collections and have never been publicly exhibited before, others are museum pleces which have been specially restored for the occasion. An additional suggestion would be to walk around Barcelona's modernist area in order to admire some of its most important mod-ernist facades. Ends December

Palazzo Dell'Esposizione. Yoko Ono chose Rome, "because it is a city we both loved" for her tribute to John Lennon. This multi-media show includes drawings, photographs, poems, musi-cal instruments, paintings, sculp-ture and a portfolio of 15 lithographs made by Lennon and given as a wedding present to Yoko. Ends November 12.

OPERA AND BALLET

Boyal Opera, Covent Garden: further performances of the Bar-biers di Siviglia revival, con-ducted by Gabriele Ferro, with the first of two interesting casts: Agnes Baltsa, Raul Gimenez, Jeffrey Black, Gabriel Bacquier and Ruggero Raimondi.

Opera, Palais Garnier. Verdi's Otello conducted by Myung-Whun Chung with Placido Dom-ingo in the title role for the first five performances and with Ren-ato Bruson as lago and Kallen Esperian as Desdemona

Erusania.

Théâtre royal de la Monnaie. The Monnaie Opera in Hans Zen-der's Stephen Climax, Sylvain Cambreling conductor, director Peter Mussbach, sets by Paul

Nederlands Danstheater in L'En-font et les Sortilèges (Ravel/Ky-lian), Evening Songs (Dvorak/ Kylian), and a new ballet by

Castello Sforzesco. The People of the Sun and the Moon: treasures of ancient Peru. Nearly tiles and gems, together with a small but precious collection of erotic ceramics of the Moche civilisation, lent by museums in Lima. Ends December 9

ARTS

Palazzo Grassi. From Van Gogh to Picasso – from Kandinsky to Pollock. Opening with Picasso's 1931 Woman with Yellow so's 1931 Woman with Yellow Hair and closing with Fernand Leger's 1950 Builders with Rope, this exhibition provides a truly delightful canter through modern art from the late 1870s of paintings lent by the Guggenheim in New York are 32 works from the remarkable Thannhau-ser collection, none of which have been back to Europe since hauser's group include some fine Cezannes, two famous early Picassos: Le Moulin de la Galette and the Fourteenth of July, and excellent examples of almost every other artist of note (mainly French) you can think of, Ends

Albertinum, Georg-Treu-Platz
1. Some 350 works by 170 artists
who were expelled by East Germany during 1949-1989. This presentation aims to explain the
difficulties of working under the
communist dictatorship. Among
the artists are Georg Baselitz,
Gotthard Graupner, Bernhard
Heiller Gerbard Richter Heiliger, Gerhard Richter

Hans van Manen, Netherlands Opera with the premiere of Glen Wilson's new production of II ritorno d'Ulisse in patria by Monteverdi, directed by Pierre Audi. Glen Wilson conducts a baroque ensemble playing authentic instruments, with Anthony Rolfe Johnson as Ulysses and Graciela Araya as Penelope. Elisa Monte Dance Collection with the world premiere of The World Upside Down, Turtles Eat Bones, and Deztra Dei. Muziektheater (Wed)

The Hague

Nederlands Dans Theater with La Cathedrale engloutie (Kylian) Debussy) and the world premieres of the new ballets by Philip Taylor and Jean-Chris-tophe Maillot. AT&T Danstheater (Thur) (360 4930).

Teatro Brancaccio. The Teatro Dell'Opera ballet now directed byballerina Elisabetta Terabust, opens its autumn season with a ballet tryptich: Amedeo Amodio's Ricercare a Nove Mavimenti, to Vivaldi's music: Ben Steven-son's Three Preludes, to rachmaninov; and *Graduation Ball* by David Lichine to music by Johann Strauss, Alberto Ventura

Günther Uecker and Rolf Szymanski, Ends December 2.

Martin-Gropius-Bau, Strese mannstrasse 110. Bismarck's Prussia, Germany and Europe This exhibition in Berlin will be the first organised by the German History Museum, with around 1,000 pieces on loan from 250 different museums from all over Europe and the US. Until

Staedel Museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer. For the opening ceremony there are four special exhibitions on the ground floor concentrading on Max Beckmann with works which have only be seen before in Leipzig, the hometown of the painter. Among the other artists are the American sculptors Richare the American scuptors not ard Serra, Amselm Kiefer aswe as sculptures in the garden by Per Kirkeby. Staedel, Schauma kai 63. Ends January.

The art of collage from 1945-1990: The new Germany sticked, since George Braque established paper collages in 1912 this has become collages in 1912 this has become part of modern art. This exhibi-tion shows a variety of 160 works. Among the artists are: Hermann Gloeckner, Willy Wolff, Marianne Brandt, Hohn Heartfield, Herbert Kunze and Juerge Boettcher-Strawalde. Ends Nov 25. Staatliche Kunstsammlung, Strembergerstr 1.

orchestra (732304).

Teatro La Fenice. Breaking the habit of opening with a popular 19th century opera, the Fenice Alban Berg's Lutu, last performed here in 1949. The new with sets and costumes by Lauro Crisman. The young soprano Ann Panagulias makes her Euro-pean debut in the title role (which she sang with great suc-cess at the San Francisco Opera last year) conducted by Yoram David (5210161).

Tosca stars Mara Zampieri in the title role. Rigoletto in Hans Neuenfels' production features Gwendolyn Bradley, John Sandor, Ingver Wixell and Roll Kuehne. A Carlo Bergonzi recital with planist Robert Morrison with songs by Verdi, Bellini, Donaudy, Tirindelli, Caccini Donhas fine interpretations by Linda PLech, Kaja Borris, Camille Capasso, George Fortune, con-ducted by Stafan Soltesz.

Hamburg

To commemorate the 100th anniversary of the constructivist painter Walter Drexel a retro spective is being held. He worked as painter, advertising manager and teacher. Ends Jan 13. Kunsthalle am Wali 207.

Brooklyn Museum, From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American metropolitan Museum. Mexican art from pre-Columbian handi-crafts to modern murals includes a majestic panorama with more than 300 works covering 30 centuries. Pierpont Morgan Library. Trea-

sures of Eton College Library covers 550 years of collecting, including drawings of royalty, manuscripts and books among

Washington

National Gallery. The 350th anniversary of the death of Anthony Van Dyck is the occasion of this major exhibit of 90 masterpieces borrowed from around the world and mixed with the gallery's own fine collection, Ends Feb 24

Art Institute. One of Chicago's most noted conteporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.

meier choreography. Tumhituser has a first-rate cast led by Linda Plech, Livia Budai, Kurt Moli title role. Another John Neu-

meier ballet is dan by Gustav Mahler.

Ileana Cotrubas, who is retiring from the stage, gives her farewell performance in the title role in La Bohème, Limb's Theorem, by William Forsythe returns. Also offered Aufstieg und Fall der Stadt Mahagonny and Le Noeze

This week includes Coppelia am Montmartre and Spartakus, both choreopgraphed by Bonn's ballet director Youris Vamos. Camille Saint-Saens' rarely played Som-son and Dalila will be offered twice in a concert version star-ring Lucia Valentini-Terrani and Michael Sylvester in the title roles, conducted by Marc Sous-

Munich

Nabucco stars Julia Varady, Daphne Evangelatos, and Wolf-gang Brendel. *Un Ballo in Mas*chera is sung by Giacomo Ara-gall, Sharon Sweet and Marjans

Lipovsek. *Palestrina* features Marilyn Schmiege, Georgina von Benza, Peter Schrieben, Bernard

National Museum of Western Art. Closed Mondays.

Metropolitan Opera. James Con-lon conducts the season premiere of Salome with Hildegard Beh-rens, Helga Dernesch and Petsr Kazaras in Nikolaus Lehnhoff's

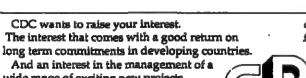
MOYAL SHAN ESPEAT

STRATECED-JECHAL

ARTS GUT

Washington Opera. The com-pany's 35th season continues with Maria Ewing in the title role of Salome, in Sir Peter He production conducted by Gerald Schwarz, Yoko Watan and Antonio Ordonez is Rodolfo in Gian Carlo Menotti's production of *La Bohème* conducted by Vjekoslav Sutej. Opera House, Kannedy Center (416 7800).

Lyric Opera. Donato Renzetti conducts Andrei Serban's new production of Lucia di Lammer moor with June Anderson as Lucia and Alfredo Kraus as Sir



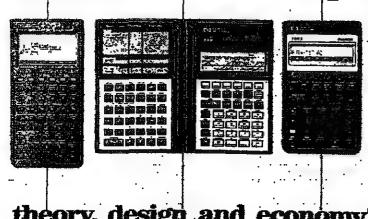
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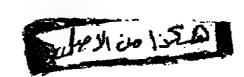
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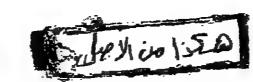
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Alex Jennings: rare scope as Richard

Richard II

ROYAL SHAKESPEARE THEATRE STRATFORD-UPON-AVON

To those who thought Shakespeare had crept out of topicality, Richard II puts this question: what should a political community do with a mercurial leader who presides over divided followers and exiles dissenters? Ron Daniels' exemplary production answers that plary production answers that in accounting for every aspect of this complex, tangled play. Shakespeare's Ricardian court questions the premise for the king's divine right to rule, and the subjects' responsibilities when he rules badly; and Daniels charges each moment of the play with that dual the play with that dual enquiry.
Antony Mcdonald's minimal

set addresses the play's demands; beneath a classical front, a stark, monochrome court; within, a lush royal apartment; and behind that, a prison at Pomfet. The design always informs the action, and fits well with James Ingalls' quirky lighting which moves through the bold colours of the Coventry tournament to the autumn shades of York's garden. Orlando Gough's nagging score helps create an integrated atmosphere, making ense of difficult minor scenes like the desertion of Richard's Welsh supporters.

Alex Jennings as Richard delivers a performance of rare scope and capacity which serves the play's attention to Richard's motives. Why does he lose control of Bullingbrook and Mowbray, why stop them from fighting to settle their differences, and why sentence them so inequitably? Jennings' troubled cynic is tight-lipped in public and passionate in pri-vate. His histrionics have political edge, for he takes everything both personally and as head of state. He ends with achieved wisdom, a "kind of ease", and finds the gravitas he lacked as king. Jennings and Daniels have found reason and motive behind each line Richard speaks; and have made the character strong enough to endure change, likeable and

weak enough to demand sym

pathy and contempt. Behind Richard, the court provides a brawling tableau. The mystery of the play, who killed Richard's uncle, Gloucester?" turns on hearsay in a world where all truth reduces to claim and accusa-tion: so combat and challenge tion: so combat and challenge are the only forms of exchange. The dispossessed Builingbrook (Anton Lesser) looks likely to develop into the perplexed King Henry of the later plays. In the deposition scene, the tension between Builingbrook's realpolitik and Richard's petulance turns the play's debate between right and fitness to rule into urgent, compelling theatre. Paul Jes-son plays Bullingbrook's "lad-der to the crown", Northumberland, as a sharp opportunist has given him: "My guilt be on my head, and there an end." Shakespeare's women here do little more than wail and plead; but Yolanda Vazquez'

icy Queen melts to a tearful farewell with Richard, and Marjorie Yates as the Duchess of York powerfully negotiates the uneasy supplication scene with Bullingbrook. Among the with Bitting trees. A tired John of Gaunt (Alan MacNaughtan) worries over the coming generation; the eulogy. "this ation; the eulogy. "this England", is more a cry for help than the smug nationalism it often appears. And David Waller's superb acting gives the Duke of York an authority which represents continuity and principle in government the scenes where he first reports and then pleads against his son for treason show a man reaching beyond personal interest for a common

In fine, Daniels has contrived a production of weight and serious thought. He makes and serious thought. He makes familiar speeches new without striving for novelty, and articu-lates the play's issues with unceasing clarity.

Andrew St George

A splendid, zestful monster

Patricia Morison on the great Lion of Venice

Vive years ago, they swung the great bronze Lion of Venice off his perch beside the Doge's Palace in the Plazetta di San Marco. The 12th-century column needed restoration but the lion was found to be in remarkably good shape. Happily it, and not a modern reproduction, will at some undecided date be winched back to here its teeth winched back to bare its teeth at Venice's enemies. Meanwhile the beast is making celebrity appearances, courtesy of Fiat. Until January 13 it mounts guard in the entrance hall of the British Museum; next spring it will travel to

Close to, the Lion of Venice is a thrilling sight. Deprived of its prop. the open Gospel of St Mark, it crouches lower with its head slightly to one side, like a Great Dane asking to be taken for a walk. Its mane is a river of streaky curls and its jaws are like the slit of a letterbox. Sir Ernst Gombrich once pointed out that Landseer's somnolent lions in Trafalgar Square have distinctly human faces. The Lion of Venice has human ears and a little pointed moustache of which Hercules Poirot would be proud. However it is neither lion nor human, but a splendidly rest-

Best of all, the lion is a mystery. Even now, experts remain continents and centuries apart in their views on who made the Lion, and when it comes with a handsome book, The Lion of Venice (Albrizzi Editions) wherein scientifically minded readers will find details of the tests it has undergone; mass spectrometry, x-ray diffractometry, lead isotope analysis, differential thermal analysis, and more besides. Yet the puzzle remains, is the lion preclassical, classical, or Romanesque? The Venetians have sent the

Ine venerians have sent the lion to London with a theory, although it may not survive the trip. It applies to only a small part of what we see today because, as anyone can see, the lion is a patchwork. Its three vivid green paws are because a restorer called Ferrari was starved of funds so he used erran metal and brace. he used scrap metal and brass. He was also responsible for the lion's blind, white eyes of chalcedony, for its pedantic Neo-Classical wings, and its

Ferrari reconstructed the fion after its previous, nearly fatal journey from Venice when Napoleon looted the lion and had it placed outside Les Invalides, its tail reset to hang between its legs. Humiliation indeed, but at least it had survived the iconoclastic fury of the revolutionaries who in 1797 destroyed some 1,000 of the Lions of St Mark, the proud symbol of Venice.

On the way home in 1815 the lion broke into fourteen pieces. Ferrari did his worst and then at the end of the last century Giacomo Boni, a more scrupu-lous restorer, made good much of the damage. Like Ruskin, he was convinced that the lion was a medieval masterpiece produced in a lion-conscious age, when kings kept lions in their menageries and snarling

bronze aquamaniles stood on their dining tables. The lion was in place in 1293, when the Grand Council voted when the Grand Council voted to put the wine duties towards restoring it. In its medieval guise it looked very different from today, and not much like the lion that Carpaccio painted. His famous canvas, "The Lion of St Mark" has come to the Pétich Museum come to the British Museum, leader of a pride of lions, sculpted, painted, carved, and engraved, which you will find in the useful exhibition

shown that in the middle ages, the lion was given a toupée of curls to cover gashes in its cra-nium. According to the theory, the lion mee had borns. On its the flon once had borne. On the back are marks which show that once it carried something, or someone. In fact, the beast we see was originally it was a lion-griffon, one of the fabulous beasts which coins, terracotta plaques and metalware show, haunted the artistic imagination of the ancient world.

namen the artistic imagina-tion of the ancient world.

The beast was cast, paws upwards, in about the 4th Cen-tury BC. The huge, naked rider poised on its back would have been the mysterious god San-don, patron of the city of Tarsus in south-east Turkey. A few Hellenistic coins and steles from Tarsus show Sandon on a pacing lion who, with the eye of faith, is reasonably like the Venetians' beast. If they are only right, then the infant St Paul might have lobbed pebbles at their lion.

So the lion did not come to Venice as loot from the Fourth Crusade which in 1204 bloodily



The famous beast, now making a celebrity appearance at the British Museum

acked Byzantium. Under the sacked Byzantium. Under the first Christian emperors, the vandals of the new faith would have been quick to demofish Sandon the god-rider. However, it may be that grudging admiration for the work of the ancients stopped them melting down the lion, the fate of so down the hon, the fate of so many monumental bronzes of antiquity. They merely ampu-tated its devilish horns and wings.
At the time of the first Cru-

sades, Venetian merchants trading in the Gulf of Alexanscarred lion. With only a little tinkering their oriental pur-

chase became the familiar symbol of their city's patron saint, St Mark. Every medieval city had its patron saints, but how much more impressive to own the corpse of an evangelist! Proud Venice had its eye on Rome, with its holy patrons

Peter and Paul.

The body of St Mark had supposedly been in Venice since the 9th Century when two shady characters claimed they had stolen him from Alex-andria. Civic pride and piety now demanded that St Mark should be promoted over the claims of St Theodore, whose status still faces that of the

lion. And so, by a strange irony, the lion-griffon which had born a god of the under-world became a symbol of the religion that had overthrown its rider.

The lion recovered its wings, mounted its column, and soon became the symbol of the Venetian Republic. On Novem-ber 16 an international conference will contemplate Sandon's steed. I recommend you to do the same. There are going to be more plausible ideas about how Venice got its lion, but I doubt anyone will devise a better archaeological shaggy dog

Kitchen Matters

Lawrence Durrell

Chronic lack of funding is threatening to kill off Gay Sweatshop. Bryony Lavery's new play — at the Royal Court for just a week — could be the beleaguered touring company's last production. But despite the obvious fervour of the gay and lesbian group's stalwarts, it is not immediately clear that Kitchen Matters is the right vehicle for their plea for a reprieve.

Lavery draws on Euripides' dance-and-dismemberment tragedy The Bacchae to create what is almost a moral tale about the damage that can be done if you suppress natural the disembodied voice of the author, describing her struggle to bash out a new play for the

Lawrence Durrell, who has died at the age of 78, was the most distinguished of the expa-triate school of English writ-

ers. He lived in Provence and he wrote about abroad, notably

about the eastern Mediterra-

nean. His visits to London were rare but memorable. His

short, stocky affable presence would enliven the company in an aura of conviviality. He was

the easiest of men to talk to as fluent, perceptive, wise, humorous, over a glass or two,

as he was in his writing. Durrell was born in India in

1912 but returned to England

Canterbury. He spent his pre-war youth in Paris writing poetry and fiction. His first novel Pied Piper of Lovers was

published in 1935. At this time

Durrell became friendly with Henry Miller whose candour in

print on erotic matters influ-

attend St Edmund's School,

OBITUARY

The play is redeemed by two elements. One is Lavery's talent for undiscriminating lampoonery. The homophobic, woman-hating villain — all hairspray and power shoulders in Stacey Charlesworth's performance — is an obvious target, and the theatrical caricatures are equally easy to draw. But Lavery doesn't flinch from prinning down gay stereotypes either: the leather-clad biker-dike, earnest activist, sandalled vegan and timid nerd, for led vegan and timid nerd, for

More important in rescuing the company from giggling luminous brilliance from Peta Masters as Trixia, the play's second dea ex machina - Lav-

enced Durrell's novel, The Black Book: an Agon published in Paris in 1988 but not in the

Its portrait of a twilight world of artists and prosti-tutes, its richly textured writ-

intes, its richly textured writing, won Durrell a reputation among the literary elite but it was only after the war, which he spent mainly in Egypt, that he became famous outside the literary world. His great fame came with the publication of his Alexandria Quartel in the lote 1950s its repetration of

late 1950s. Its penetration of the exotic world of Alexan-

drian society, its brilliant

depiction of members of differ-

ent races in amorous and professional liaisons, its sensuous style, and its original time-

scheme, greatly appealed to readers becoming tired of the

angry young men.
Having discovered Durrell as
a novelist, they then turned to

UK until 1973.

ery herself is the first - come down to earth in the stiletto-heeled guise of an American floosy. Masters' interpretation is a subtle mixture of earthly vulnerability and Olympian power. Trizis brings about the villain's demise, but also pro-vides her with the chance to escape her fate.

She also returns the killers

to their various mainstream theatrical traditions unpunished - "I'm one soft goddess", she explains - but with exhor-tations to be true to themselves: "You came out of mainstream and for a while you was upstream," she tells them. As a justification for any fringe theatre, this is very finely put.

his delightful contributions to

travel literature, the offshoots of his periods with the foreign

service and the British Coun

cil, in Prospero's Cell, Reflections on A Marine Venus and

Bitter Lemons, his three island books, which deal, respec-tively, with Corfu, Rhodes and

Cyprus.
That was the peak of his popularity. His later novels:
Tunc (1968), Numquam (1970) though they show no falling off of his descriptive powers and his historical curiosity

attracted much less attention.

But from his villa in Som-mières, Provence, his interest in strange human fauna remained as keen as ever, rivalling that of his brother

Gerald. Lawrence Durrell's place in post-war English liter-

ature seems to be secure.

Andrew Hill

COLISEUM

Delius and Puccini

As you may hear from all sides, this is a double bill for which a leisurely early dinner is recommended; you will still catch Gianni Schlode if you arrive by nine-thirty. That is hard on Delius, whose gentle little Fennimore and Gerda deserves a rare revival, and on the English National Opera who decided to stage one, and on the Delius Trust who sponsored it — and particularly on Charles Mackerras, who conducts both operas but plainly has a special affection for Delius's

about what Fennimore and Gerda is not it is not much of an opera. He himself called it Two Episodes from the life of Niels Lyhne in eleven Pictures", having drawn his German libretto – selectively - from a long, much more depressive Danish novel by depressive Danish novel by Jens Peter Jacobsen (whose Gurrelisder had already been set by Schoenberg). Despite the arbitrary up-beat ending devised by the composer, and the continuous romantic glow of his music, Beecham described the principals bluntly as "three rather dreary people who have nothing to sing". That was not quite fair, for the ENO principals sang what was on offer with gusto; the trouble is that only the composer's own voice is on offer, albeit generously. The singing roles are adjuncts to the orchestra, with nothing in their music to individuate them, and precious little story to help.
That is why Julia

Hollander's decision to make her production a feminist critique of the men is so ruinous. There just isn't enough character to criticise: unlike Jacobsen, Delius was **Anthony Curtis**

imagining a soft-focus idyll, in which even the painful moments are blessed with nostalgic languor. Fennimore is a young woman (so is Gerda, but being wheeled in only at the end "years later" she doesn't matter) whose first cousin is Niels, a Writer, whose devoted boyhood chum Erik is now an Artist. whose devoted poynood chain Erik is now an Artist. Both young men fall in love with Fennimore; she marries Erik, and they all become

numbly depressed in the familiar Scandinavian mode. After Erik starts drinking neavily, the other two "admit but when Erik dies in an accident Fennimore renounces Niels, who eventually marries

Fennimore grapple lustily in the puddle below.

of other silly things. Very little of the dense extra "business" is stageworthy, for it consists in obtrusive literary puzzles: "Now, what does the producer mean hers?" Miss Hollander read Philosophy and English at Cambridge

Cambridge.

Kither she hates Delius or she has a tin ear, for the visible action is continually at odds with the music, and in the long run lethally. Though even the interludes are maimed by wilful intrusions, Mackerras makes the score radiant; Sally (Krik) strive loyally to demanded of them. Ultz's sets cumbersome and visually ssy, fall some way below his

best standard. For Puccini's black farce, he has set rich Buoso's deathbed in a bare white morgue, which is visually OK but cripples the greedy relations' frantic hunt for the will - there's scarcely anywhere for them to look. Stephen Unwin has produced the opera as broad pantomime, quite lively, with unbridled face-pulling by everybody. The audience, many of whom had booed Mies Hollander and Ultr roundly after the Delius, fell about in relief. Amid so much conscions camping-about, Schicchi's climactic chest could register only a mock

Benjamin Luxon gave a promising sketch of him, but too little was actually sung rather than declaimed. Alison Hagley delivered a full-voiced "O mio babbino caro" with Anglo-Saxon dignity, and she has a dashing tenor partner in David Maxwell Anderson. Among their sturdy colleagues Marie Slorach's Nella was notably stylish in the ensembles, though those were sometimes too loose to put the best face on Puccini's determinedly tight score. It was surprising to miss so many words from Anne Collins' redoubtable Zits. Once they all relax, they can preen less and concentrate more.

ARTS GUIDE

MUSIC

London Philharmonic conducted

by Simon Rattle perform Brahms' third and fourth symphonies. (Fri). Royal Festival Hall. (928 8800). Leipzig Gewandhaus conducted

by Kurt Masur in the last Brahms cycle programme: fourth symphony and second piano con-certo with Alfred Brendel (Frl). Barbican Hall. (638 8891). English Chamber Orchestra conducted by Jeffrey Tate in a Bee-thoven programme. (Sat). Barbi-can Hall.

Hall.
Isaac Stern, Yo-Yo Ma and
Emanuel Ax play Brahms. (Mon)
Royal Festival Hall.
English Chamber Orchestra conducted by Yehudi Menuhin in
an all Mozart programme. (Mon).
Barbican Hall.
Monteverdi choir conducted by
loke Fist Cardiner in an all John Eliot Gardiner in an all Brahms cycle. (Tues). Queen

Elizabeth Hall.

Elizabeth Hall.

Royal Philharmonic Orchestra
conducted by Geoffrey Simon
perform Walton's Belshazzar's
Feast. (Wed). Barbican Hall. saac Stern birthday concert: London Symphony Orchestra with Yo-Yo Ma, Isaac Steru, Emanuel Ax: Beethoven triple concerto and violin concerto. (Thurs). Royal Festival Hall.

The state of the s

Orchestre Colonne conducted by Bertrand de Billy, Lazar Ber by Bertrain de Bury, 1922 man, (piano): Tchalkovsky. (Mont. Salle Pleyel (4563873). Maria Joso Pires, piano, Augus-tin Dumay, violin: Beethoven (Tue). Theatre des Champs Elyees (47203637). Vlado Periemuter, piano: Debussy, Ravel(Tue) Salle Pieyel

Rafael Orozco, piano: Mozart. Schumann, Liszt (Tue) Salle Gaveau (49530507). Orchestre de Paris conducted by Carlo Maria Giulini: Schub-ert(Wed, Thur) Salle Pleyel (45638873).
Orchestre National de France conducted by Neeme Jarvi, GidonKremer, violin: Paert, Schnittke, Sibelius (Thur).
Théâtre des Champs Elysées 45638873).

(47203637). Mikhail Pletnev: Tchaikovsky, Mussorgsky (Thur). Salle Gav-eau(49530507).

Frankfurt

Jochen Kowalski lieder recital, accompaniedat the piano by Shelly Katz with works by Mozart, Beathoven and Schumman. (Sat). The Leipzig Gewaldhausorchestra under Kurt Mazur plays Brahms. (Thurs). Alte Oper.

Royal Concertgebouw Orchestra conducted by Jakov Freizberg, with Karine Goergian (cello). Penderecki, Stravinsky, Concertgebouw (Fri). Imogen Cooper (piano) with the Netherlands Chamber Orchestra

conducted by Antoni Ros-Marba. Haydn, Mozart, Shostakovich. Concertgebouw (Sat). Netherlands Philharmonic and massed choirs, with Alexandra Coku (soprano) and Jard van Nes (contralto), Hartmut Haen-chen conducting, Mahler's Secchen conducting. Mahler's Sec-ond Symphony. Concertgebouw (Sun matinee, Mon, Tues). Royal Concertgebouw Orchestra conducted by Jakov Kreizberg, with Frank Peter Zimmermann (violin). Dvorak, Stravinsky. Con-certgebouw (Wed, Thur). Berlin Philharmonia Quartet. Reger, Beethoven. Concertge-bouw (Thur) (718 345).

Utrecht

Amsterdam Baroque Orchestra conducted by Ton Koopman. Mozart. Vredenburg (Sun, Thur). Imogen Cooper (piano) with the Netherlands Chamber Orchestra conducted by Antoni Ros-Marba Haydn, Mozart, Shostakovich. Yredenburg (Mon).
Juilliard Quartet. Mozart, Wolpe,
Schubert, Vredenburg (Mon).
Netherlands Philharmonic and
massed choirs, with Alexandra
Coku (soprano) and Jard van
Nes (contraito), Harimut Haenshen conducting Mabler's Secchen conducting. Mahler's Sec-ond Symphony. Vredenburg (Wed).

New Belgian Chamber Orchestra conducted by Jan Caeyers with Lluis Claret (cello) and Hakan Hardenberger (trumpet). Haydn, (Tues). De Singel. Monnaie Symphony Orchestra conducted by Sylvain Cambrel-ing, Berlo, Caplet and Haydn (Erl) De Singel.

Helen Adams (soprano) accompa-nied by Koen Kessels (plano) Lieder by Richard Strauss (Wed).

Brussels

Belgian National Orchestra conducted by Michael Schonwandt with laureates of the EC young people's music competition in a programme of Beethoven, Haydin and Sibelius. Palais des Beaux-Arts. (Sat. 20.00). Beaux-Arts. (Sat. 20.00).
Monnaie Symphony Orchestra conducted by Sylvain Cambreling with Frederique Cambreling (harpi: works by Berio, Caplet and Haydn, Palais des Beaux-Arts. (Sun. 20.00).
Liege Philharmoule Orchestra conducted by Pierre Bartholomee performing Beethoven's Eroica symphony. Palais des Beaux-Arts. (Mon. 20.00).
Moscow Onartet plaving Hawdn.

Hoscow Quartet playing Haydn, Schnittke, and Tchaikovsky. Palais des Beaux-Arts. (Tues, Liege Pattharmonic Orchestor conducted by Pierre Bartholome with Ingrid Haebler (plano) per forming works of Mabler and Mozart, Paints des Benus-Arts.

(Wed, 20.00). BRT Philharmonic Orchestra BRT Philharmonic Urchama conducted by Georges Octors with E Van Oosthuysen (clarinet) K van Seueren (violat, Auber, Bruch, Costes, Delius, Resphight, Rossini, Vaughan Williams, Wal-ton, (Thurs, 20.00). Malson de la Bedie

Madrid

Spanish National Orchestra conducted by Luis Aguirre, with Gyorgy Pauk (violin). Prokofley, Charlebonich (Fri Sat Sun) Au-

ditorio Nacional de Musica (337

01 00). Mendels solute Trio. Montselvatge, Schumann (Tues). Audito-rioNacional de Musica (337 61 outperest Caballe (sourano)

accompanied by the Spanish National Orchestre and RTVE choir conducted by Anton Garcia Abril, with Liuis Claret (cello). Boccherini, Garcia Abril. (Wed). Additorio Nacional de Musica

Antitorio Nacional de Musica (387 01 60). Salzburg Mozarteusa Orchestra conducted by Thomas Koncz. Mozartprogramme (Thur). Audi-torio Nacional de Musica (387

Barcelona

Orquestra Ciniat de Barcelona conducted by Sixten Ehrling, with Yefim Brondman (piano). Brahms, Mozart, Sibelius (Sat, Sun). Palau de la Musica Caba-iana (268 10 00).

Bologea

Florence

Radu Lepu plays Schubert and Mozart with the DeutscheKam-merakademie conducted by Johanness Corinid Olon). Testro

Christian Thielen ing Beethoven and Richard Strause (Fri, Sat, Sun). Tentro

Gianandree Gavazzeni conduct-ing Mendelssohn (Fri, Sat, Sun); also a concert conducted by Riccardo Muti (Mon). Testro Alia

Peterson Quartet playing the six Mozart quartets dedicated toHaydn (Thur). Testro Olimpic

November 9-15

Piero Bellugi conducting, with menio soprano Margaret Price in Mahler and Haydn (Sat, Sun, Mon, Tues). Auditorium in Via Della Conciliazione. New York

Philadelphia Orchestra conducted by Charles Dutoit with Barry Douglas (piano). Varese, Liszt, Rachmaninov (Tues). Carnegie Hali (247 7400). New York Philharmonic conducted by Erich Leinsdorf. Strainsky, Debussy, Beethoven (Tues); Erich Leinsdorf conduct (Tues); Erich Leinadorf conducting with Malcolm Frager (piano) Copland, Dohnanyi, Schumann, Beethoven (Thur). Avery Fisher Hall, Lincoln Center (874 5770). Minnesota Orchestra conducted by Edo de Waart with the Dale Wariand Symphonic Chouse

Wariand Symphonic Chorus. Verdi (Thur). Carnegie Hall (247

National Symphony conducted by Matislav Rostropovich with William Steck (violin). Nicolai, Rosenman, Beethoven (Tue); Zdenek Macal conducting with Tzimon Barto (piano). R. Sterra, Mishler (Thur). Concert Mail. Mahler (Thur), Concert Hall, Kannedy Center (467 4600).

Chicago

Leulagrad Philharmonic con-ducted by Yuri Temirkanov with Viktor Tretyanov (violin). Tchel-kovsky (Tue, Thur). Orchestra

voung Gerda. In collaboration with her stage-designer Ultz, Miss Hollander presents Fennimore as an obsessive collector of identical, very large white pots, which are filled with flowers to indicate Summer, emptied to indicate Autumn, and later flung ritually into Erik's grave. (The under-employed chorus do the work; in their black practice-clothes we would take them for stagehands, if they weren't so portentously slow about it.) The drunken Erik attempts marital rape on his painting-scaffold, and overturns a paint-pot; Fennimore smears the redness everywhere se if it mant everywhere, as if it meant mething, and it continues to drip down his unfinished giant canvas while Niels and

During the Gerda-epilogue, Niels is glued to a home-movie of schoolgirls playing and tussling, while Gerda and her friends appear as grotesque adult caricatures of that girlishness. (With Gerda's magenta fright-wig, we know we're in the Kingdom of the Munchkins.) Niels is apparently a paedophile — is them. there a feminine of that? - to whom women appeal only when they pretend assiduously to be children. I haven't mentioned the wall of tea-chests labelled with their years (like vintages), nor a lot

David Murray

SALEROOM Top price for de Kooning

Christie's offered a multi-million-dollar-studded cast of contemporary art in New York on Wednesday rew fork on wednesday evening — and some reassurance. Its results, reflecting its pictures, were far better than those at Sotheby's the evening before.

Almost all the big pictures sold, eight for over \$1m, the trade played its next each thore.

trade played its part, and there were even five auction records, albeit modest ones. The sal realised \$36,707,000 o feansed \$35,707,000 of £18,632,994, against last year's \$37m (raised by 10 fewer lots), and 77 per cent (half the pictures) found new

Willem de Kooning's abstract urban landscape, "July", a painterly explosion of colour and fractured form of 1956, tipped its top estimate and made the top price of \$8.8m. It had been in the same private collection since it was first painted and exhibited, and now it passed to New York dealers Gagosian, who also doubled the estimate to pay a record \$1.056m for Philip

Guston's "Summer". Deemed to be of similar quality and rarity as "July" was a large and colourful Roman canvas of 1961 by Cy Twombly, executed with oil, wax crayons and pencil. It went to dealer Thomas Ammann for \$4.84m. Francis Bacon's "Portrait of George Dyer Staring into a Mirror also sold on target, selling to a European collector for \$3.85m.

A network of Pollock drips floating Rothko rectangles -"Tan and Black on Red" also topped \$3m. The auction records were for Guston, Eva Hess (\$297,000), Jannis Kounellis (\$242,000), Agnes Martin (495,000) and Sigmar Polke (\$374,000). Conspicuous failures were Andy Warhol's silkscreen self-portrait, estimated at \$3m-4m and bought in at \$1.6m, and Jasper Johns' "Water Freezes", on which bidding stopped at

Susan Moore

Friday November 9 1990

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The UK slides into recession

THE PICTURE painted by Mr John Major in his Autumn Statement yesterday was one of light at the end of a long tunnel If the government were facing an election in the autumn of 1992 or early 1993, the picture he drew might have been rather comforting. For a government that must go to the polls by June 1992, it must

With his forecast of negative economic growth in the second half of 1990, the chancellor has recognised that the UK economy is in recession. Over 1990 as a whole the growth of non-North Sea gross domestic product is forecast at 1 per cent. This is to be followed by % per cent in 1991. The Treasury's gloomy forecast for next year

may even prove too optimistic. Where the Treasury has been most wrong is on infla-tion. A year ago the forecast for the increase in the retail price index in the year to the fourth quarter of 1990 was 5% per cent; in the budget of last March it was 7% per cent; but now it is 10% per cent. Infla-tion, the previous chancellor said, is "judge and jury". If so, the government is guilty of mismanagement and the Trea-

sury of misforecasting.
What then is to be the UK's inflationary future? The Treasury forecasts the headline rate of retail price inflation at 5% per cent in the year to the fourth quarter of 1991. The picture is not unattractive, but it

comes a year too late. Though late 1990 and the first half of 1991 are going to be grim, the chancellor suggests that economic growth over the course of 1991 will be 2 per cent. In short, what the UK economy is now experiencing is expected to be a "short, sharp shock".

Pay inflation

Two doubts must be raised. The first is whether a relatively short shock will eliminate the inflationary pressures. The question is how rapidly pay inflation will decline. Unfortunately, a rapid decline will require a large increase in unemployment. The second doubt is whether a shock of that magnitude can be swiftly reversed. The Treasury indi-cates that the real rate of return of industrial and commerciai companies will be some 40 per cent lower than its peak levels, by the end of 1990. Such a squeeze on profits hardly suggests a rapid recov-

are, presumably, to perform the trick. They may do so, but the lags are long and the opportunity may turn out to be limited, given the constraints imposed by ERM membership.

Poll tax disaster

The picture of the economy is of disinflation that has come too late, politically; the picture of public expenditure is of control that may prove too severe, politically. To keep the planning total for 1990-91 within £1.6bn of the last year's forecast is an achievement. To keep the planning total for next year at £200bn, expected to be the same share of GDP as this year, is no less an achieve

total for 1990-91 is expected to be significantly below that he significantly below that expected a year ago. Central government expenditure in 1991-92 is expected to be only 2 per cent up on 1990-91. This is a necessary compensation for a 5.6 per cent real increase in support for local authorities, which reflects the poll tax disaster. Again, in real terms disaster. Again, in real terms the planning total for 1990-91 is below that expected a year ago.

The government remains committed to the traditional Treasury view that all is well in Whitehall, so long as it can watch the blood of the spending departments run. In keep-ing the nominal increase in next year's planning totals to the £8bn with which the Trea-sury started, the Chief Secretary must have shed a great deal of blood. Yet the result may be to make yet more voters feel that the problem of the UK is not too much public spending, but too few public

With a public sector debt repayment still expected to be £3bn this year, the chancellor may at least have given him-self room for a little tax cutting in his next budget. Since the UK remains wedded to its peculiar ritual of two half-budgets a year, no more than that can now be said.

The main issue is, in any case, the economy. This time the Treasury's forecasts could turn out to be right on infistion, but too optimistic on economic growth. In that case, it may give the government an election with both inflation and interest rates down, but an economy that is stagnant. For the party's managers, the over-all picture remains what it has been for at least two years: the funnel was entered too late Given the forecast of only and is likely to endure too

Progress on global warming

agreement on tackling global warming was reached this week by the 130 countries attending the World Climate Conference in Geneva. They have given their blessing to negotiations designed to culmi-nate in 1992 with the signing of an international convention on global warming. This will have profound consequences for the world's economy, particularly for its energy and transport systems which depend on the burning of fossil fuels.

Environmental groups will not share this judgment of the Geneva conference. They were particularly disappointed by the fallure of the US and Soviet Union to fall into line with Europe and Japan by embrac-ing national targets for curbing emissions of carbon dioxide. the main greenhouse gas. The two countries are not only very large carbon dioxide emitters, they are also highly inefficient in their use of energy, although for very different rea-

Yet the hesitation of the US and the Soviet Union about fol-lowing the lead of western Europe in agreeing to clear greenhouse targets at this stage is understandable. The US administration, in particular, has paid heed to the sceptical voices from within the scientific community about the degree of certainty which attaches to the main greenhouse predictions. It has also been struck, no doubt even more forcefully, by the limited appetite among the US popula-tion for immediate sacrifices designed to deliver a distant environmental benefit.

Rejected initiative

The global warming accord in Geneva was signed on the very day that the voters of California, among the most environmentally conscious in North America, rejected by a two-to-one margin the "Big Green" initiative. Part of the explanation for this rebuff may lie in the well-funded campaign against Big Green, which

everything from petrol emis-sions through to timber cutting and the use of pesticides. But Big Green's defeat also

suggests the dangers of envi-ronmental demands running shead of what voters — and businesses – are prepared to shoulder. A coherent pro-gramme to tackle global warming would require hugely expensive cuts in the burning of fossil fuels. It is true that it would also produce substantial returns by improving the effi-ciency with which energy is used. But there is no point in expecting that sentiment in North America's industrial and energy producing heartlands will move as quickly on this score as that in, say, Scandinavia. Indeed, it was something of a victory for the US to put its name in Geneva to a declaration recognising that active steps need to be taken to com-bat climate warming.

Breathing space

The next two years before the scheduled signing of the global climate treaty will allow a breathing space for further scientific research. That said, however, the US needs to use the time to describe the time to describe the said. the time to develop its position on global warming targets. The credibility of the international effort to combat global warming will begin to slip unless the US has enunciated before then targets for curbing carbon dioxide emissions.

Such targets should not be viewed simply as imposing a cost on the US. The US remains a gas-guzzling economy by the standards of the rest of the industrialised world. Reducing this waste would be one of the main ways in which the US could contribute to global targets for combatting the greenhouse effect. The best approach will be to find a way to do this which does not rest solely on a big rise in energy prices, thereby awaking a backlash akin to that which

utumn Statements rarely contain surprises, and 1991 is no exception. Public spending totals are almost exactly as expected. The official projections indeed show general government expenditure stable as a proportion of GDP at 39% per cent after the long fall of the 1980s. It would only take a small piece of had luck or extra spending pressures for the ratio to

Again as expected, the estimate for the 1990-91 Budget surplus has been reduced from 27bn to 23bn. The assumption for 1991-92 is a bare balassumption for 1991-21 is a bate car-ance. The UK is nowhere near a debt trap; but it is worrying that the bal-ance is entirely dependent on privati-sation and other asset sales.

With so much known on the public spending front, interest inevitably

turns to the economic forecasts, not for some unique insight into the future, but for a revelation of the government's working assumptions.

The fact of recession is now admitted. The US definition is two successions.

sive quarters of falling output. The Treasury forecasts are in terms of half years. They show a good 1 per cent fall in real GDP in the second half of 1990 and output on a plateau in early 1991. The outcome has only to be a decimal point or two below forecast for there to be a recession lasting three or four successive quarters. But whether output rises or falls by the odd decimal point on the fallible and frequently revised official figures does not make a halfpenny worth of

It does not make a halfpenny of difference if output rises or falls by the odd decimal point

difference. The severity of the recession depends on how far actual growth, whether positive or negative, lags behind the growth of productive capacity, last estimated by the Treasury to be 2% per cent per annum (excluding the North Sea).

In the three years, 1986-89, non-North Sea GDP was growing substan-tially faster than productive capacity; which was one sign of ahnormally rapid demand growth. Another symp-tom was the swing into deficit of the current account of the balance of pay-

By contrast, in 1990 and 1991 real owth is expected by the Treasury to lag behind productive capacity by a cumulative 3% per cent. This will bring some relief on the inflationary

r John major use as mean can be expected yesterday. The tasks facing the chanr John Major did as well as

cellor of the exchequer were clear: first, to calm the nerves of Conserva-tive back-benchers, second to avoid upsetting the markets, and third to

prepare the ground for a difficult general election that must come some

time within the next 19% months.

Some people may also wonder about the management of the UK economy, but we need not be diverted by irrele-

vancies. The Treasury in general and its Autumn Statement in particular have little to offer in that regard.

You have to go to Germany for inti-

As to calming the nerves of back-

benchers, there was not much that Mr Major could do other than offer

an aspirin; perhaps a third of his potential audience realised as much, for it failed to turn up. This was an

error. The chancellor's courtoous and

matter-of-fact delivery is exactly

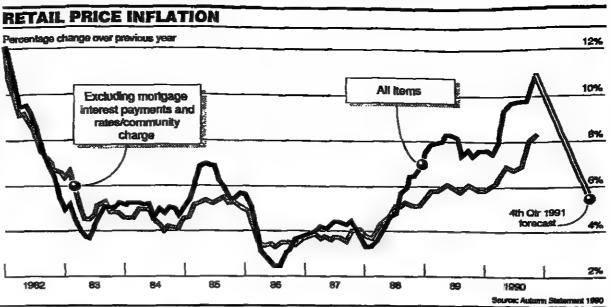
suited to the process of reducing the

political temperature. He went beyond that yesterday, demonstrat-ing a growing comfort with the intri-

cacies of his relatively new brief. The Labour shadow chancellor, Mr John Smith, was less than his usual spar-

Samuel Brittan analyses the economic assumptions behind the Autumn Statement

The anatomy of recession



front, but at the expense of more unused capacity and higher unem-ployment. The Government Actuary umes that unemployment in Great Britain will average 1.75m in the financial year 1991-92. Allowing for the movement through that year, it is difficult to see unemployment much below 2m even on official forecasts. Indeed, any responsible economic adviser would have to warn any gov-

ernment, Labour or Conservative, that this may well be the equilibrium or underlying rate consistent with non-accelerating inflation. He might hope that improvements in the labour market will eventually reduce that level, but he could not count on it. The official forecasts show a modest economic recovery in the second half 1992, with output rising by 2 per

cent per annum. As usual there is the hackneyed question; where will the demand come from? A modest recovery is expected in consumer spending and fixed investment; but the most important element will be a much lower rate of stock reduction, com-pared with the first half of 1991.

Autumn Statement is the expected fall in the headline rate of inflation from a peak of 11 per cent this October to 5% per cent in the final quarter of 1991. The outcome could be as low as 3½ per cent or as high as 7½ per cent — the Gulf is a huge joker.

But the overwhelming probability is that there will be a very large fall which will be a huge exaggeration of the underlying improvement. Just as mortgage interest rate distortions, the

office would prefer to forget it. (The teenager's guide starts blonday week.)

A better idea of the more modest expected underlying improvement is the 1% percentage point fall in the growth of producer prices envisaged by the Autumn Statement. Another cius is the expected drop from 10 to 8% per cent in the growth of earnings over the next year.

Poll Tax, and higher oil prices have artificially boosted the headline rate since 1988, they will be depressing it in the period ahead. Having empha-

sised so much the underlying rate of inflation before, the government will have to live with other people empha-

The current payments deficit is not the nation's profit and loss account, nor any very direct measure of

national economic health. After many national economic health. After many false excitements and alarms, the Treasury now expects the deficit for 1990 to come out at £15bn. as originally expected in the Budget. The 1991 deficit is projected at £11bn. but there will be no shortage of doom-mongers who will relate it to stock reduction and warn of future rebounds. (The figures need to be taken with a large pinch of salt because of the huge favorable "balancing item".)

The decision to join the ERM at a fairly high, but realistic, rate implies a decision to give priority to the fight

a decision to give priority to the fight a decision to give priority to the against inflation over the balance of payments: which is why the apostles of 1960s type economics detest it so much. The best way to look at the much. The best way to look at the payments deficit is via the official chart showing it declining as a proportion of GDP from 4 per cent in 1989 to 2 per cent in 1991. If it fluctuates around the latter level, it is, as the previous chancellor might have said. "readily financable."

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"readily financable."

The best item in the Autumn Statement is that the UK share of world trade in manufactures, after falling for decades, has levelled out, whether judged by value or volume. As the new trend has been evident since 1983, it cannot be written off as a temporary or chance phenomenon.

The truly bad news is the estimated fall in the real rate of return earned by industrial and commercial companies to below 6 per cent. This is not nies to below 6 per cent. This is not nearly as dreadful as in 1975 or 1981. But the estimate refers to 1990, the here and now, and not some future

The ERM decision implies giving priority to fighting inflation over the balance of payments

year. It could be worse in 1991.

The old adage about not making an omelette without breaking eggs applies. It is the cost of reducing wage inflation within an ERM constraint and similar to that experienced by France in the early years of the hard ERM. The sconer the credibility of the government's exchange rate policy is established, and the somer business begins to plan on the assumption of no devaluation baleouts, the sooner the pain will be over.

It is meanwhile a little relief that the Treasury can come out in the open and admit that its forecasts are based on a stable sterling rate of just under DM3 to the pound, and does not any more have to hide the assumption from anyone at all.

An aspirin but hardly a cure

Joe Rogaly assesses Mr John Major's performance

kling self. Hostile questions from others were easily deflected by a wellprepared chancellor.

did not show themselves to be flushed with entitusiasm at this per-formance, but even a neutral cold-fish stare at the rear of the head of Mrs Margaret Thatcher's favoured successor must be counted as an improvement in Tory morale when compared with the past week or so. The aspirin may not have got them through last night, but it was effective for the afternoon. If the house had not been so subdued in the first place, the fact that Mr Major was clearly master of it would have have been even more remarkable.

His effort to calm the markets was also a workmanlike performance, indicating the end of his period as an apprentice chancellor. Either by accident or design the Treasury had allowed the belief to emerge that the spending forecast for next year would

well exceed £200bn. Had it done so -had it reached, say £205bn or £210bn - the government would have been asking for trouble. The annual catchthem-by-their-expectations trick was performed once again, however, and 2200bn was the figure announced. The financial secretary, Mr Norman Lamont, had had to do most of the juggling. He sat proudly by Mr Major's side as his immediate boss paid due tribute. The expectation that there would be no public sector debt repayment but rather a borrowing requirement was scotched, and the spending total, expressed as a share of gross domestic product, is and next and to fall again thereafter.

We shall witness the actual effect on the markets, if any, today.

Preparing the ground for the next election is rather more tricky. The opposition has an unansweable case when it protests that the inflation that puts the real squeeze on this

year's spending is of the govern-ment's own making. Talk of so much more for this and so much extra for that is only to be expected when there is an election around the corthere is an election around the cor-ner, but there is a widespread percep-tion of peeling classroom walls, shared schoolbooks, long health ser-vice queues, inadequate roads, insuf-ficient buses — the list is endless, and the only remedy is real improve-ments. Recitation of the statistics of based, will not do the trick.

This must be particularly galling when it comes to health. Mr Major

spoke of a 5 per cent real increase in expenditure next year; when a questioner asked if he had used the health service index rather than that of retail prices Mr Major said that only made a one-point difference. On his reckoning NHS expenditure has risen by nearly 50 per cent in the Treasury's version of "real terms" since Mrs Thatcher came to power. But what about health service terms?
What about the demographics of it?
What about technological advances?
Labour can still defeat the Tories in any health debate, however unfair

any health debate, however unfair that may seem.

The real test of yesterday's statement will come next year, when it will be seen whether his guesses were wildly out, as the formal Treasury forecasts usually are, or acceptably inaccurate, or by some miracle spot on. Do not talk gloomily about recession, although technically we are in one, was his response to an angry Mr. Smith. All will be well on the night, he indicated. "Inflation will fall, savings will rise, the trade gap will close, investment will be 50 per cent higher..." The trouble is that some of that is what he said at the same time last year; inflation now is about double what he forecast then.

He may be right; if he is the Con-

He may be right; if he is the Con-He may be right; if he is the Con-servatives win, Mrs Thatcher has her fourth triumph, and Mr Major suc-ceeds her. But after the shocks of the past few weeks, it is hard to avoid the feeling that the man we were listening to yesterday is the excellent, comforting, smooth, personable, self-confident, and always polite purser on the Titanic.

Deng's last

Can one man shake a

nation's economy by simply stopping smoking?
Deng Kiaoping, China's octogenarian leader, may prove to be such a giant. Deng, who has been one of the world's legendary cigarette chain-smokers, has given up after more than 70 years, according to his daughter Deng Lin. She has disclosed the news while on a visit to Tokyo.

Previously Deng, when chal-lenged about the habit, has always made stout claims that smoking increases longevity.

His late renunciation of the weed will set a lead by example within China — until now a nation of ferocious smokers. That, in turn, will have economic consequences for a country where tobacco is not

only an important consumer item but represents an enor-mous slice of the agricultural China is, in fact, the biggest tobacco producer in the world contributing more than 2.5m tonnes a year to the world crop of 7m tonnes. The Chinese also manage to smoke more than 2m tonnes of tobacco them-

selves every year. Sir Yue Kong-Pao, the vet-Sir Yue Kong-Pao, the veteran Hong Kong shipowher and businessman, who prides himself on his contacts among the world's top politicians, must feel pleased by the official news of Deng's conversion. Some time ago the tycoon, who is a sprightly 72 tomorrow and a fitness enthusiast, told my colleague in Hong Kong: "When I saw Deng recently I told him to give up smoking if he wants to live longer—and he has, just go and ask him".

To chew on

■ Those lumps of polystyrene, called "peanuts" by some in the trade, which increasingly are being used for packaging

OBSERVER

They have a nasty habit of falling out and sticking to the falling out and sticking to the carpet when you unpack a parcel. In the US they are responsible for whipping up a consumer backlash. People are sending boxes full of them back to the supplier saying.
"You get rid of this stuff".
The solution being adopted

The solution being adopted by some direct mallers is to substitute a natural packaging material, namely real popcorn. It is cheap, light, and is

promptly disposed of by the average family. Adweek's Marketing Week reports, however, that the US Postal Service, while not prohibiting popcorn packaging, will not recommend it. "Some critter along the way is bound to sniff it out and chew into the customer's mail," says a post office spokesman.

Learning curve ■ Fallout is still being regis-tered in the west after the recent visit of the high priests of private enterprise from the Chicago Mercantile Exchange to the new capitalists of

the exchange's Globex elec-tronic trading system for futures contracts.

During a seminar in Moscow organised by the exchange Melamed was button-holed by a representative from a commodities exchange at Ryszan, 125 miles outside Moscow, who wanted to join Globex. His qualification was that he had a computer. Melamed agreed that Chicago's two major futures exchanges should send out representatives for the launch of the new exchange.

Moscow.

Leo Melamed, the guiding light behind the Chicago mission, is telling a story of his efforts to demonstrate to the Russians how well-known is

■ A local newspaper called
Roma hit the news stands in
Naples yesterday after a break
of 10 years.
That a Neapolitan daily
should be named after the Italian capital testifies more to
mid-19th century pationslist

But the Russian exchanges which is now reborn. It shood for Italian unification when are still at a very primitive



"I had no bies the beds

little more than a forum for barter. Their exchanges will sell anything that anyone gets bold of, conclude the Chicago men. "Of course, it is just for-malising the black market," says Melamed with disarming frankness about the nature of Russian futures markets.

The gulf between trading attitudes in Chicago and Moscow was illustrated when during a Kremlin reception, he asked to be put through to Chicago "to check my futures position". He was offered refreshments instead.

Roma reborn

an cannal destines more to mid-19th century nationalist idealism than modern geo-graphic or marketing logic. Roma is, in fact, one of Italy's oldest newspapers,

Rome was still held by the papacy. It soldiered on until 1980, when it went down with the wreckage of the shipping and business empire of Achille

The revived paper is being backed by three local busines men. Its editor, Ottorino Gurgo, is promising that it will be above party and an authen-tically independent voice on the problems of that most poli-ticised southern region of Italy, the mezzogiorno.

Typical men

■ Better to be of average height if you want to get on in the Japanese civil service. There has been such a run on formal morning suits ahead of Emperor Akihito's enthrone ment that Japan's protocol chiefs have removed employe who are very tall or very short from the roster of "greeters" who will look after foreign

Faced with the need to kit out hundreds of men to accompany distinguished visitors from 158 nations, the Foreign Ministry turned to a Tokyo department store which usu-ally stocks a wide range of

court wear.
But so many people have bought the formal morning suits which are required for next week's festivities that the store is completely out of non-standard class.

"Which means we are having to give priority to standard-sized people," a ministry offi-cial says.

Writers' block

■ Hill Samuel hosts an annual casino evening for the ever-swelling ranks of personal neunce journalists. This year, the organisers

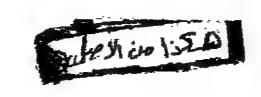
included a quiz containing what they thought were easy questions, such as, "what is the current base rate?" Only two of the 40 participaling journalists got it right. The FT was not there, I'm relieved to report.

The buy-out craze crossed the Atlantic.

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s the mountain road winds up from the rice fields and the rugged cliffs of South Korea's north-east coast to the ski slopes and manicured golf courses of the prestigious Yong Pyeong all seasons resort the sudden appearance of roadside welcome signs from BMW and Mercedes-Benz comes as a shock.

Foreign cars are a rarity on the

Foreign cars are a rarity on the increasingly crowded South Korean roads, which are still populated almost exclusively by the homegrown products of Hyundai, Daewoo and Kla (and are driven by motorists who often appear bent on committing col-lective suicide — Korea has one of the world's highest road death tolls). The Korean new vehicle market has

been growing at an heady rate of nearly 40 per cent a year in the past three years, however, and for the world's car makers facing stagnant or falling sales in North America and western Europe, Korea would appear to beckon like a beacon of hope.

Korea is hardly laying out a welcome mat for imports, however. It is far too busy trying to carve out its own place in the sun through the development at breakneck speed of an indigenous motor industry that has the ambition of itself storming the bastions of Japan, Europe and North

Highly dependent still on foreign and chiefly Japanese technology, Kor-ean car makers are also voicing a determination gradually to cut the automotive technology umbilical cord to their dominant Asian neighbour.

(Japanese vehicle imports as such are still banned, but the block is almost academic, given the extent of Japanese technology already underpinning the industry.)

The industry's strategy of expanding through export-led growth has been undermined by plunging sales most significantly of Hyundai cars -in North America. At the same time its frenzied expansion has been kept on course in the past three years by domestic demand taking up all the alack in foreign demand.

Apparently turning a deaf ear to the dire warnings from western vehicle makers about the growing burden of world overcapacity, Korea's domestic vehicle makers are still determinedly building a succession of plants to take on the world.

Mr Leem Lae Gue, director of the

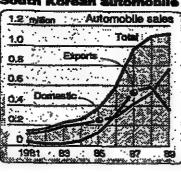
trade and industry ministry's trans-portation machinery division, fore-casts an increase in Korean vehicle sales from 1.3m this year - comprising domestic sales of 970,000 and exports of about 370,000 - to 3m by the end of the decade with a domestic market of 1.6m and exports of 1.3-1.4m. According to the Korea Automo-bile Manufacturers Association automobile production capacity had already chimbed from 337,000 in 1984 aiready chrobed for to 1.9m this year.

"Our main foreign market will be the US," says Mr Leem, "but we have to try to diversify into the European Community, and into Asian, South American and African markets. And we can expect markets in eastern

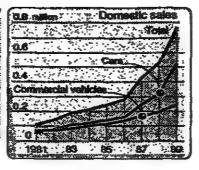
His calculations leave little room for any significant expansion in Kevin Done on the South Korean automobile sector's bid to penetrate the Japanese, European and American markets

Breakneck expansion to catch up with west

South Korean automobile industry



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"Continually dropping prices is unlikely to work, however, because a

third advantage of lean production is that it significantly lowers the amount of high-wage effort needed to produce a product of given descrip-tion, and it keeps reducing it through

continuous incremental improve-ment." Lean production can also fully

utilise automation in ways mass production cannot, further reducing the advantage of low wages."

According to the MIT study the

original Korean strategy - chiefly practiced by Hyundai - to compete

by underpricing the Japanese entry-level (bottom of the range) cars based

on low wages and high volume worked "brilliantly", but only for a brief period.

vital US market in 1996 at \$1,000 less than Japanese vehicles of the same size, was followed a couple of years later by Kia (building a version of the blowle 111 and sold in the US as the

Ford Festiva) and by Daewoo (building a version of General Motors' European Opel Kadett and selling it as the Pontiac Lemans in the US), so that by

1988, virtually from a standing start,

Korean producers were selling 500,000

cars in the US, accounting for 4 per

The MIT study claims that the Kor-

ean strategy quickly fell apart, how-ever, because Hyundai was "an old-fashioned mass producer with low wages but a large number of hours expended per car". As the Korean cur-

rency began to appreciate rapidly against the US dollar in 1988 and Kor-

ean auto workers demanded and

gained a series of large wage increases against the background of the growing wave of democratisation,

a large part of the Korean cost advan-

tage was eaten up.
At the same time the quality of

Korean cars has increasingly been called into question in the US, dent-

cent of the total market.

Hyundai Excel launched in the

imports or for Korean consumers having much of a chance to compare mestic and foreign competition, "It is true there are complaints in some foreign markets about Korean cars," he admits, "but Korean consumers are satisfied with Korean cars. Considering income levels there are not so many people that need to use

Certainly sales of imported cars are unlikely to grow very fast as long as the government keeps up its present high profile campaign against "luxurius consumption". It has been made known – nobody

appears quite sure from which channels the suggestion first emanated that buyers of imported cars will become favourite targets for investigation by the Korean tax authorities.
While the most visible barriers to car imports have been removed in the past three years, not least in response to pressures from the US, and tariffs on imported vehicles reduced - they are currently set at 20 per cent Korea's car makers can probably count on more subtle forms of protec-

tion for some time to come. Car imports grew from 27 in 1987 to 355 in 1988, 1,537 in 1989 and 2,058 in the first nine months of 1990. Sales were dominated by the startling success of just one car, Ford's Mercury Sable imported from the US. One swallow does not make a summer in Korea, however. While Sable sales took off from the launch a year ago to average more than 250 a month from November to April, they have dropped like a stone to less than 100 a month since June, apparently under the impact of the campaign against overconspicuous consumption.

onspictions consumption.

If imports hardly pose any imminent threat to the expansive ambitions of Korea's vehicle makers, they face a host of other challenges both domestically and in foreign markets.

to be sceptical about the chances of Korea emulating the auto industry achievements of its role

A recently published report* based on the Massachusetts Institute of Technology five-year study on the future of the automobile claimed that the revolution achieved by Japanese vehicle makers in the automobile production system — the whole process stretching from the initial input of consumer wicker through design consumer wishes through design, development and engineering to man facturing and sales and marketing has created an enormous gulf between the best of the Japanese

Korea's vehicle makers face a host of challenges. prompting some industry observers to voice scepticism about Korea's chances of emulating the achievements of its role model, Japan

vehicle makers and their rivals in North America and Europe and not least in the newly industrialising countries, such as Kores.

Japanese so-called "lean produc-

tion" is more than a match for lowwage mass production, says the study. "Lean production dramatically raises the threshold of acceptable quality to a level that mass production, particularly in low-wage countries, cannot easily match." At the same time lean production offers ever-expanding product variety and rapid responses to changing consumer tastes, something low-wage mass production finds hard to counter except through ever lower prices.

ing demand. Korean producers had to cut prices to try to sustain sales just as production costs were soaring. Kor-ean sales in the US fell by 50 per cent between 1988 and 1990, says the MTT report. "The next Japan was no lon-ger the next Japan."

The opening up of Korean society The opening up of Korean society and the pressure of demands for improved social conditions, higher wages and shorter working hours, have had a deep impact on the international competitiveness of the Korean motor industry. At Hyundai, the dominant domestic producer, wages rose by 23 per cent in 1987, 28 per cent in 1998 and 22 per cent in 1999. The pace slowed to 9 per cent in 1990, but there is a feeling of unease that the respite may be only temporary.

At the same time labour conflicts

At the same time labour conflicts have hit the industry hard. Although the number of days lost through strikes has fallen this year, the sight of riot police breaking up with tear gas a strike by Hyundai shipyard workers earlier this year in the com-pany town of Ulsan, is hardly condu-cive to positive labour relations and high quality work on the neighbour-ing car assembly lines. The car workers mounted sympathy strikes.

One response by Hyundai has been to invest heavily in automation. It is currently bringing into operation at its Ulsan industrial complex, which is claimed to be the single largest production site in the world, a new \$350m, 900,000-a-year car plant, which includes 267 multi-axial welding robots in the body shop. Some 95 per cent of body welds will be automated.

The automation is simed at maximising both efficiency and quality in each phase of the assembly process. At the same time Hyundai began last year a five-year plan to invest \$1.3hn in development and engineering tech-nologies with the aim of moving towards the goal of gaining technolog-ical independence from Japan. Hyun-dai launches its first domestically developed engines next year. It is seeking to develop a capacity to cope with greater model variations and shorter production runs, and to improve both quality and productiv-

The Korean motor industry has already overcome enormous obstacles to establish itself as the world's 10th largest vehicle maker in little more

As it tries to leap another five rungs in the next decade - in the process overtaking established vehicle-making countries such as Italy, the UK, Spain and Canada as well as the Soviet Union — the chal-lenges that loom are even more intim-

While production capacity grows inexorably at home, sales and distribution networks remain seriously under-developed both domestically and overseas, foreign markets are already at bay in the face of the Japanese challenge, and the necessary transformation from mass to lean pro-duction is only at a tender, formative

*The Machine That Changed The World, Rawson Associates, New York.

LOMBARD

Unravelling the skein of Europe

By John Lloyd

t is a good thing for the country that the British are being called on to think about their place in Europe. It would have been alarming had the debate - or rather the many debates - not been forced to the surface. We should congratulate ourselves on having a prime minister who compels us to think about our views, and to beware of the smooth men on all sides of pol-itics and in all countries who talk of the "inevitability" of closer integration, or who seek to downgrade the matter by waffling about the continua-tion of nation states in the near future.
Politics cannot be inevitable,

and the only things that will continue are pressure and change. We are undergoing a political upheaval — much, though not all, of which is due to "Europe" — and it has sent fault lines running through established political thought and practice.

Market liberals find them-

selves divided, because some see European Monetary Union, and the creation of a Eurofed functioning as a Bundesbank writ large, as a huge step for-ward for the market cause. Others fear it because they believe that the "deepening" of European institutions cannot be counterpointed by a "widening" to take in the emerging democracies of eastern Europe. Further, we now see the emergence of a group — of which the prime minister is at east an occasional member who might be called market liberals in one country. They do not believe that the European Community, or any supranational institution, can

act as they have acted (or at least, spoken) for the last 15 years. They now tend to make common cause with the more or less enthusiastic petriots of the right, who may never have been very keen on market liberalism but were always keen on Country. They are now pre-pared to risk (or welcome) a decline into chauvinism to beat back the continental threat. The successful plaiting of these two strands in the Thatcherite Tory party - the Market and the Nation - is now being The hard pounding of the

past weeks has made this pro-cess clear. Ultimately, we must hope, it will do the same for the unravelling waiting to be revealed on the left. Mr Neil revealed on the left. Mr Neil Kinnock, the Labour party leader, has not been able to oppose the prime minister comprehensively in this context because his party is not yet clear how "European" it is. Nor can it be. Its adoption of social democratic attitudes and policies has been swift and efficient, but for that very reason it has not rationalised all its views. There are senior figures

views. There are senior figures in the party who have not reconciled themselves to a politics levers they were accustomed to believe were available to Labour ministers. There are few beyond the hard left who believe that purely national parliaments can any longer effectively control transnational corporations and inter-national capital, or who do not realise that the world has changed greatly since their party was last in government. But that is a different matter from either liking the situation or being prepared to throw in their lot with a federalist project which they regard produc-tive only of a flabby politics that can be manipulated easily by capital. The argument between them, and the parlia-mentarians who see in "Europe" a chance to save some social democratic values

and policies, waits to erupt.

Add to this the fears, common to all shades of opinion, that the "democratic deficit", or lack of popular support for and interest in the European level of parliamentary politics, is still vast and apparently unchangeable (especially since it is to the national level which we instinctively and reasonably look to guarantee our national rights), and you have, at last, the contours of a politi-cal debate about Britain's place in Europe and the world which has been only sporadically heard in the last two decades. It often goes under the name of sovereignty, but that is to mislabel and constrain it. It is assumed to be a British problem, and that may be true in part; but by its nature it will drive deep into the politics of all momber countries

LETTERS

Wrong to absolve the City of short-termism

From Mr Ronald Dore.
Sir, Unless Paul Marsh
("Cutting through the conceptual fog," November 7) has better arguments than your editorial comment ("Short-termism reappraised"), he should not be allowed to get away with the notion that capital markets should be absolved of forment-

ing short-termism.

It is not only, as your editorial suggests, fear of takeovers which keeps managers nervously watching their share price, anxious to feed it with a good saveture young good earnings record now and not in five years' time. There are at least four other ways in which the structure of capital markets pushes the Japanese industrialist into short-term considerations less than his

PEL

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British counterpart:
The predominance, among his shareholders of cocked in friends — his bankers, insur-ers, suppliers, distributors and firms with which he shares joint-venture subsidiaries etc. The small weight, among the other shareholders, of funds managed by frenetic index-beaters — especially the unit trusts which, as the Wilson Committee showed, turn over portfolios more tempestu-ously than other categories.

• The fact that no one pre-tends the stock market is an tends the stock market is an honest place. Rigging is rife, known to be rife and accepted as part of the natural order because people still have the quaint belief that the making of things and the providing of services is more worthy than making money through speculation, however computer-programmed the crystal-ball "system" used. Hence managers do tem" used. Hence managers do not see fluctuations in their not see fluctuations in their share price as reflecting the judgment of "their best-informed peers". They are not touched in their egos.

The debt alternative to equity is provided by well-informed bankers who are also in business for the long term because their shareholders are like the industrialists.

like the industrialists'. Capital markets are not the Capital markets are not the source of all the institutional determinants of short-termism, of course. Executive compensation schemes and high rates of managerial job mobility have a lot to do with it too. But complacent absolution of our City institutions is not helpful.

Ronald Dore,
Japan-Europe Industry
Research Centre,
Imperial College,
Prince Consort Road, SW7

The benefits of duty free

Rrow Sir John Egan.

Sir, There are two important points to make about Mr Peter Tray's comment (Letters, November 3) regarding duty-free goods.

First of all duty-free goods represent excellent value with discounts of up to 40 per cent compared with the average high street prices for main brands of spirits and tobacco. The popularity of this can be judged by the millions of people who buy them and it is in response to this demand that shops are provided.

As Mr Tray concedes the rev-

When a Hornet is a Tomcat

From Mr Timothy Woodcock.
Sir, I like to read my father's
FT and the reporting is usually
to a very high standard but on
November 2 in page 22 the picture is of an F14 Tomcat and not an F18 Hornet as stated. The twin tailfins on an F18 are much further forward than

on the F14. Flying a single seater, the F18 pilot needs good rear vision so the rear section of the canopy is tapered and not flush with the top of the fuselage as on the F14 pictured. Timothy Woodcock (age 11), 18 Whishe Avenue. 18 Walshe Avenue, Chipping Sodbury, Bristol

D-MAC: culprit not victim

From Mr Alan Burkitt.
Sir. Ray Snoddy's article
("Sorry plight of MAC the
orphan," November 6) on the
likely demise of the D-MAC
television standard, following the merger of Sky and BSB, does not examine an alterna-tive view of victim and culprit. Perhaps it was D-MAC which killed off BSB mark 1, rather than BSB mark 2 killing off

The Independent Broadcasting Authority (IBA) invented MAC and, from this standpoint, insisted — with the backing of the Department of Trade and Industry (DTI) — that its satellite contractor should use it in preference to well-established PAL.

Yet it was clear from the

Yet it was clear from the start that D-MAC receivers would be significantly more expensive than PAL systems, for limited benefits. Engineers in the IBA may have drooled over the better picture they said was possible with MAC. Neutral observers could hardly tell the difference and, in any case, viewers choose satellite receivers for the programmes available, not so that they can watch stars wearing checked jackets that do not strobe.

It was a technology at the very early stage of development – MAC transmissions cannot be recorded on domestic video cassette recorders (VCRs) for example and should never have been imposed on (a remarkably and naïvely willing) BSB.

When BSB's contract was PO Box 143, SE3

awarded, no D-MAC receiver chips had been designed and production quantities were years away – though BSB apparently believed this task could be achieved in record time. It was this almost inevitable delay, about which many warned, which more than anything crippled BSB's competitive position against Sky.

D-MAC never had a chance of hecoming a near-European

of becoming a pan-European, still less a world, route to high-definition television (HDTV). Its bandwidth is too great for relay down the communal aerial systems of continental apartment blocks. So the apartment blocks. So the French and Germans chose another system, D2-MAC, though that too has been shunned by the programme companies. The German channels on Astra, on Eutelsat II and on Germany's own Kopernikus satellita use PAL, not

Ultimately, BSkyB's abandonment of D-MAC may improve the chances of getting a truly worldwide HDTV system — if people want it. The Japanese have already developed a system. It was the European MAC lobby which threatened to split the television ened to split the television world into incompatible camps. When the prices of receivers are reasonable, the PAL chan-nels on Astra, or any other satellite, could offer alternative high-definition transmissions. Then the market, not the IBA or the DTI, will decide. Alan Burkitt,

Friendly satellite TV services

From Mr R.C.V. Macario.
Sir, The merge of the Sky and BSB satellite broadcasting services should not have come services should not have come as a surprise. The use of geo-stationary satellites for broad-casting and telecommunica-tions was, as is well known, put forward in a paper by Arthur C Clarke in 1945. In this paper, written from King's Col-lege, London, the principal argument for suggesting space satellites was to reduce the proliferation of high-power ter-restrial radio services.

restrial radio services.

If we are to follow Mr
Clarke's advice the government, through the Trade and Industry Department should be seeking to reduce terrestrial television by, for example, not planning to use channels 35 and 37 for broadcasting. Moves in this direction could encourage the more electromagnetic

friendly satellite TV services and possibly boost the British electronics industry.

The philosophy of competi-tion in public telecommunication in public telecommunica-tions services does not always work. For example we have recently seen the coming together of the personal com-munication network (PCN) licences. If the radio spectrum was cleared of some of the high-powered terrestrial TV transmissions and given over to PCN operation etceters in rural areas, systems could be rolled out much more quickly, with lower development cost and lower cost to a greater number of end users. The writing is now on the wall and we should take note. R.C.V. Macario, Department of Electrical & Electronic Engineering, University College of Swansea





The editors of The AMEX Bank Review are pleased to announce the winners of the 1990 Essay Competition in international economics and financial markets held in memory of Robert Marjolin. A former adviser to the Review, Professor Marjolin was the first head of the OECD (then the OEEC), Vice President of the European Commission. and one of the leading architects of the European Community.

The first prize essay is smallable from the Editors. All the essays, summarised in the November issue of the Review, will be published early in 1991 by Oxford University Press.

FIRST PRIZE \$25,000 Lewrence J. Brainard
Bankers Trust Company
"Reform in Eastern Europe: Creating a Capital Market"

SECOND PRIZE \$10,000 THIRD PRIZE \$5,000

Paul C. De Grauwe, University of Louven
Ke's J. L. Vansanten, Bank Brussels Lambert

"Speculative Dynamics and Chaot
in the Foreign Exchange Markets"

Roy C. Smith, NYU/Goldman Sachs & Co
Ingo Walter, New York University

"Reconfiguration of Global Financial Markets in the 1990s"

SPECIAL MERIT AWARDS \$2,000

Polly Reynolds Allen, University of Connecticut Jerotte L. Stein, Brown University "The Real Exchange Rate: Can it be Explained

Bernard M. Hoekman (Netherlands), Michael R. Leidy (USA) General Agreement on Tariffs and Trade (GATT) "Contingent Commercial Policies and the Credibility of Financial Market Liberalization" Howard Murad, US Department of Commerce Russell C. Krueger, Federal Reserve System "Devaluations and the US Trade Deficit"

Anneo Bank, Amsterdam
"EMU and National Budges: An Alternative to
the Delars and the Free Market Approaches" Michael Davenport (UK) Independent Consultant "Pegging to the ECU: An Exchange Rate Strategy for Eastern Europe"

Adam Schwarz (USA) Par Eastern Economic Review, Jakarta "Indonesia's Economic Boom: How Banks Paned the Way" Romben Indiikinn (USSR) Worth Language (Court)
UNCTAD Secretarius
White Convertibility and Soviet Economic
Reform: An Interdependent Paradigm*

THE 1990 AWARDS COMMITTEE

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THE 1991 COMPETITION

Details of the fifth annual essay competition (entry deadline July 1st 1991) will be available in early 1991 from the Editors, The AMEX Bank Review, American Express Bank Ltd., 60 Buckingham Palace Road, London SW1W ORR.



FINANCIAL TIMES

Friday November 9 1990



Bitter sweet anniversary for Gorbachev

David Marsh in Bonn contrasts the paths of two leaders a year after the Berlin Wall

offer of a 30 per cent reduction

The EC offer differs in only

two respects from the proposal that the EC Commission put to its farm ministers at the begin-

ning of October. In both cases

First, the Commission had proposed that all border protec-

tion measures be converted into tariff equivalents. Cuts of

30 per cent by 1995-96 would then be applied to those replac-ing variable levies and 10 per

In the offer presented in Geneva these percentages have been omitted. Instead, the EC

says, an unspecified reduction would be made annually by an

amount "which reflects the incidence of the reduction in

the aggregate support measure used as a guide for the overall

scandal. He allegedly used his influence to delay action by

federal regulators against the now insolvent Lincoln, and Mr

Charles Keating, its former

owner. Mr Keating was a size-able contributor to Mr Cran-

ston's campaigns.
The Senate Ethics Commit-

tee is due to start public hear-

ings from the senators and oth-

ers next Thursday.
Mr Cranston would also

have faced a strong challenge

next Tuesday from Senator

Wendell Ford from Kentucky

for the post of deputy majority

scene is now in a state of flux. Three of the 15 House members

to be defeated on Tuesday

came from the state, two lost

in part because of their involvement in the savings and

loan scandal. Several House

Democrats and Republicans, as well as prominent local politi-

cans such as defeated Dem-

corat governorship candidate Mrs Dianne Feinstein, will now

be assessing whether to make

to Iraq "in the hope that talks there, might, in a modest way,

encourage the idea of a negoti

ated settlement." He said the

consequences of a Gulf war

whole world and every effort must be made to avert it."

of state for energy, is expected to travel to Baghdad within the next two weeks, although no

dates have been announced. He

hopes to meet Mr Saddam. His announcement came as

the British government sought

to step up the war of words

Mr Benn, a former secretary

would be catastrophic for the

The Californian political

leader or whip.

cent for other products.

it has been watered down.

amounted to in real terms.

INCE Mr Mikhail Gorbachev last set foot on German soil in 1989, the Soviet leader – like Germany has undergone a metamorphosis. But while Germany has expanded, Mr Gorbachev's position has diminished.

The bilateral co-operation treaty which he signs with Chancellor Helmut Kohl in Bonn today will be overshadowed by the political and economic turmoil tearing at Soviet unity.

Mr Gorbachev arrives exactly one

after the breaching of the Berlin Wall. For the Soviet leader, it is not a happy anniversary. On his last trip to Germany, in East Berlin at the 40th birthday celebrations

for the former East German state in October 1989, he said that attempts to overturn the post-war division of Ger-many would undermine European sta-

The last time be was in Bonn, in June 1989, Mr Gorbachev joined with Mr Kohl to sign a wide-ranging policy

By William Dullforce in Geneva

THE European Community's

agreement to offer a 30 per

cent cut in farm subsidies was described as "inadequate" yes-terday by the US and its allies at the Uruguay Round trade talks in Geneva.

The EC came under pressure

as soon as its long-delayed

offer was made.
The US and the Cairns

The US and the Cairns
Group of 14 farm-exporting
countries, led by Australia,
started to probe EC negotiators
for signs of flexibility.
Speaking for 15 leading
developing countries, Mr Reinaldo Figueredo, the Venezuelan
foreign minister said the

foreign minister, said the group had asked its experts to analyse the EC offer, but added

that it was clearly insufficient.

sure on the EC and make sure

they intend to negotiate seriously. The offer in itself is not

SENATOR Alan Cranston, 76, the California Democrat

caught up in the savings and loan scandal, is not seeking

another term as deputy major-

ity leader and will not stand

for re-election to the Senate in

two years' time because he has

His decision is a further fac-

tor in the upheaval likely in California politics in two years.

There will be an open contest

for Mr Cranston's seat, while

fill the seat of Republican Sen-

ator Pete Wilson, following Mr Wilson's election on Tuesday as governor of California, will

In addition, there will be

open contests in many House

seats following the redrawing

of district boundaries which

will increase the state's delega-

tion by seven seats to 52, or nearly an eighth of the total

Mr Cranston said yesterday

that the prostate cancer was "apparently totally curable."

although immediate treatment

former opposition Labour party minister, said he was

going to Iraq to find a peaceful

solution to the crisis. His

announcement provoked a hos-

tile reaction from the British

Mr Douglas Hurd, the for-eign secretary, urged Mr Benn

to "think again". He warned that the Labour MP would be

"joining in a game where the

aggressor dictates the rules

and selected human beings are

Speaking in the House of

Continued from Page 1

also have to seek re-election.

ent appointed to

"We have to keep the pres-

By Peter Riddell, US Editor, in Washington

statement promising the right to self-determination "for all peoples and states". No longer is it a question, as was the case during the tortuous international negotiations in the summer and autumn on German reunification, of what the Soviet Union can do for Germany to ease the path to unity. Rather, Mr Gorbachev's talks with Mr

Kohl will focus on what Germany can do to alleviate the decline and perhaps break-up of the Soviet Union. Despite all the sympathy which Mr Gorbachev enjoys in Germany, and the billions of D-Marks of credits German banks are directing towards Moscow, the answer will probably be: not much.

The German government has already guaranteed about DM19bn (\$12.5bn) of loans to the Soviet Union. This includes export credits, a DM5bn bank credit arranged in the summer and an additional DM3bn loan agreed to assist the Soviet troop withdrawals from east Ger-

good enough," one negotiator said after a meeting chaired by

Mr Arthur Dunkel, Gatt direc-

Attention focused on the EC Council's statement and the

EC Commission's declarations

issued in Brussels when the offer was agreed by the 12

Statements were analysed

The Council's statement

for clues as to how much room

for manoeuvre the EC negotia-

appears to exclude any separate deal on export subsidies,

on which the US and Cairns

Group have put special emphasis and where they are seeking

Delegations' experts were

also studying the accompany-

ing country lists, detailing cur-rent EC farm supports, for clues as to what the global

Senator Alan Cranston: not

was necessary. His decision to

stand down after four six-year

terms forestalls strong pres-

sure which would otherwise

have come for him to stand

down. He has been one of the

five senators implicated in the

Lincoln Savings and Loan

Commons, Mr Hurd said the international community had

to go "up to the wire" in search of peace. But he

warned: "It will be hard to

argue that sanctions alone are

likely to be decisive in reversing Iraqi policy in the near

He added: "We have to face

the possibility that the aggres-sor will resist all the peaceful

pressures. This is why it is

essential to build up the mili-

Mr Benn said he was going

tary option and show that it is

future."

US boosts Gulf forces with extra troops

reductions of 90 per cent.

tor-general.

tors retain.

US calls EC farm subsidy cut 'inadequate'

Senator caught in S&L row to step down

A senior Bonn official said ruefully yesterday that the Soviet Union appeared to be a giant "monetary destruction machine" and that Bonn could no longer throw "good money

Mr Kohl will stress Germany's will-ingness to help with Soviet mineral exploitation, and also to import more oil and gas from Moscow. But Bonn will also say that further German credits can only be granted as part of interna-

tionally co-ordinated aid.
Officials say the Soviet Union's credit rating has declined so much that German banks would jib at granting any more Bonn-guaranteed loans, even though the government normally car-ries the risk of 90 per cent of such

In view of accelerating Soviet frag-mentation, the German weekly Die Zeit asked bluntly on its front page yester-day exactly who in the Soviet Union would be covered by Mr Gorbachev's

Second, under its "rebalance

ing" concept, the EC proposes

to introduce tariff quotas for imports of oilseeds and corn gluten feed, which are particu-larly important for US and Bra-

These quotas would be based

on average imports for the period 1986 to 1988 which would be increased, in the

Commission's proposal, by 8

The 8 per cent sweetener has

been dropped from the offer. Mr de Zeeuw, chairman for the farm talks, has started a

comparative examination of all

the offers of farm reform on

the table with a group of some

Developing nations dissent,

Further analysis of Tues-day's nationwide results has

shown that while 97 per cent of

senators running for re-elec-

tion and 96 per cent of House incubments were returned,

their margin of victory was often smaller than in the past. For example, 100 House members and 12 of the 32 sens-

tors seeking re-election won less than 60 per cent of the vote. In 1988, only 51 House

Mr Stephen Hees, an analyst

at the Brookings Institution, said that "the anti-incumbency

mood was out there. Just

because it wasn't sufficient to

defeat very many people doesn't mean that it will be

discounted by those who sur-vived."

is likely to be reinforced by the redrawing of district bound-aries which will force House

members to build new rela-tions with altered constituen-

against Iraq and increase the threat of a military strike.

activists announced yesterday

that they were sending an

advance party to the Gulf to arrange the setting up of

zones of Kuwait.

on that score."

peace camps" in potential war

In Mosocw, Mr Shevardnadze

said their talks might continue until "very late tonight." On

iraq, he said: "We prefer politi-

cal methods, just as the US does. We have no differences

A group of British anti-war

The tendency to be cautious

mark.

again at the weekend.

Mr Dunkel will take charge

zilian exporters.

per cent.

signature on the Soviet-German treaty. The newspaper's headline ran: "There is no longer a Soviet Union." Both sets of declarations contained a depth of meaning well beyond anything which Mr Gorbachev could have imagined. Today's bilateral treaty contains, along with a mutual non-aggression pact, a commitment for both sides to respect existing borders in Europe.

Moscow wants Bonn to provide some moral insurance against further split-ting off of individual republics. Again, there is not much here that Germany can deliver. Significantly, delegations from Lithuania and Latvia have both visited Germany recently to discuss ways of setting up independent central banks in the Baltic republics.

To avoid damaging German-Soviet relations, neither delegation was officially received by the government in Bonn – but they made sure to call in on the Bundesbank in Frankfurt,

fraud office

In her first major interview since taking up her post in September, Mrs Barbara Mills insisted that the SFO had used its powers carefully and within the law, and was keenly aware that its activities could precipi-

the Polly Peck case directly, Mrs Mills said: "We are particularly careful when we're dealing with highly sensitive material and because it's important that there should be a level playing field for everyone." She added: "We have very close links both with the Stock

from Mr Nadir as collateral for personal loans sold a large

"We do not go on fishing expeditions. We are a responsible

culties of our position is that we cannot explain - for reasons which perhaps are absolutely obvious - the material that we have ourselves within our knowledge and our possession. So we inevitably have to live with that sort of criti-

She said she welcomed the court hearing. Mr Nadir is seeking to force the SFO to what suspicions it has of him. He went to the SFO's offices by arrangement on September 20, but once there was served a notice under Section Two of the Criminal Justice Act, which requires people to answer the questions put to

them or to produce documents. The Section Two power is regarded as the most potent weapon in the SFO's armoury and was used on 574 occasions in the year to April 1990. The SFO says a notice is often welcomed by bankers and accountants as a way in which they can be relieved of their client confidentiality obligations. The only two failures to comply have met with prison sen-

defends

By Richard Waters and Richard Donkin in London

its tactics

Serious Fraud Office has strongly defended its tactics following the recent raids on Polly Peck International and a company closely linked to its chairman and chief executive, Mr Asil Nadir.

inquiry into Polly Peck and Mr Nadir is widly seen as having been a factor in the collapse of

Exchange and the DTI (Department of Trade and Industry) to ensure that we do the best we can in what are inevitably very difficult circumstances. assure you we do not go out of our way to publicise any-thing". The SFO searched the premises of South Audley Management, a company set up to manage Mr Nadir's personal finances, on September 19 and questioned Mr Nadir himself the following day. On that day Polly Peck's shares plummete and were suspended after banks which had taken shares

mber of shares on the mar-Mr Nadir accused the SFO of launching a "fishing expedi-tion" into his affairs, and last week won the right to seek a judicial review of the SFO's refusal to tell him the basis for its investigation of his affairs. Mrs Mills, speaking this week at the SFO headquarters in Elm Street, London, said:

applying for warrants."
She added: "One of the diffi-

London's

THE DIRECTOR of London's

tate a loss of confidence in a listed company. The SFO's handling of its

the group's share price and its later slide into insolvency. While she refused to discuss

prosecuting authority which operates on the normal basis in

tences in the courts.

THE LEX COLUMN

Creeping takeover by Worms

SmithKline Beecham

seem reasonably sensible. Next

year's planned spending of £200bn is much as expected and the projections for 1992-93 and 1993-94 look reasonably tight. The balance of payments deficit is heading in the right directions but for an accordance.

direction; but for an economy

moving into recession, £11bn is still an alarmingly large num-ber. There is little doubt that the headline inflation figure

markets slowing down rapidly and the exchange rate overval-

ued, it is difficult to believe

that the UK can re-ignite the economy by exporting its way out of the current recession.

There is a serious credibility

problem here, and there must

be a fear that a desperate gov-

ernment will resort to an unnecessarily large cut in

interest rates and taxes to woo

the electorate. It all points to

an election sooner rather than

Six of STC's directors can

Share price relative to the

FT~A All-Share Index

The proposed acquisition by Worms & Cie of a dominar stake in Wiggins Teape Apple ton raises some awkward questions, not least over the pre-mium paid for control. The deal is that Worms's associate, Arjomari's gives WTA its operating assets – but none of its equity – in return for 39 per cent of the merged business. Arjomari's holding will be limited to be controlled to the controlled to Arjomari's notoing will be imited to 40 per cent, short of a full bid; so Anglo-Saxon investors might say control is not involved. But it certainly is in Continental terms. Worms controls St Louis by virtue of a 40 per cent holding: St Louis consolidates Arjomari with 45 per cent: and if Arjomari gets 40 per cent of WTA, it will doubt-less consolidate it in turn. Granted. WTA is not paying

a premium for Arjomari's assets either. But that is scarcely relevant if Arjomari ends up controlling the merged entity. On WTA's insistence, the deal specifies that Arlomari can mount a full hostile bid a year after completion. But the Worms' tradition is one of long-term value investment. not hands-on management. It is enough to leave the running of the business to a IIK-led management team. A full Anglo-Saxon style takeover would simply spoil the sums. On the other hand, the time-

table has now been set for any counter-bidders, with Arjom-ari's shareholder meeting on December 21 as the deadline. It would appear that WTA has not yet received any approaches; but the proposed creation of much the biggest paper distributor in Europe might concentrate a few minds. Failing that, WTA's shareholders must console themselves as best they can with the explicit promise of faster growth from the merged business. But given the other part of WTA's argument — that the business as it stands is simply not big enough to be viable — they might have pre-ferred the option of cash in

UK economy

At first sight, the numbers

expect £2.7m between them as their share of yesterday's cash bid from Northern Telecom. One should not begrudge them the money entirely. The deal may seem the only logical end to STC's 11-year history as an independently quoted company but it is worth recalling Another autumn, another Autumn Statement. The forecasting record on the past cou-ple of occasions has been pany; but it is worth recalling the things that could have pretty miserable, so it would be surprising if the financial markets were completely trust-ing of the latest predictions, gone dreadfully wrong. Leaving aside ancient history like the near-catastrophe of the especially with an election in the offing. In 1988, the balance mid-1980s, yesterday's profits warning from the company of payments forecast was hopelessly awry. Last year it was inflation. This year it could easily be the growth forecast. was a further reminder of the severity of the margins squeeze facing the world's smaller telecoms manufacturers.

As it is, shareholders get a price which is obviously respectable. Stripping out the £742m which STC is due for 80. per cent of ICL, the exit p/e for the rest of the group is 18. True, at around £280m, STC's. handsome pension fund surplus rather muddles the waters; but this is still rather higher than most investors. could reasonably have expec-ted. Given the cash drain which businesses like subma-rine cables were starting to represent and the intensifying competition in switching and transmission systems from such as Alcatel, Ericsson and Siemens, STC's shareholders should be duly thankful.

SB Post

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profit and early

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Market Statistics

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anschaffs.

As for Northern Telecom, the cash consideration on top-of its existing \$900m of debt must surely concentrate management's mind on disposals, perhaps of the submarine cables side. For the UK inves. tor with more mundane hori-zons, the deal has the side-effect of leaving Lord Weinstock and GEC bestriding the electronics sector in solitary splen-

BP/Shell

the headline inflation figure will fall sharply next year. But the markets ought to be concentrating on the underlying inflation level, which by the end of next year could still be uncomfortably high.

However, the real worry now is the health of the economy. With most of the UK's export markets slowing down rapidly it is amazing that after a decade of Tory government the popular knee-jerk reaction to the sight of bumper profits from the oil companies is the same as ever. On a replacement cost basis, BP's and Shell's profits were both sharply down in the third quarter. It will not be until the end: of the year that the real benefits of the recent spike in our prices shows through. BP's cash flow figures reflect the burden of financing the higher cost of stocks: but its decision not to increase its dividend this time probably had more to do with public perceptions than its own financial strains.

SmithKline

The 5 per cent drop in Smith Kline Beecham's share price yesterday was a rude reversal for the best performer in the FT-SE - STC excepted - aince the Gulf crisis began. The market's alarm over the slowdown in third quarter sales growth was probably misplaced. The underlying figure of 9 per cent growth at constant exchange rates for the first nine months is claimed to be sustainable for day's 559p, the shares are on a prospective multip e of 14 and a prospective yield of around 4 per cent. Even without taking the longer-term success of the merger on trust, that seems reasonable value.

Now we are 3. Many Happy Returns (we hope).

It really is the icing on the cake. From now on, all our investments will be made on behalf of the Pension Funds of not only British Coal and British Rail but also

Barclays Bank Pension Fund. And having redrawn the Globe too, we now have a venture capital portfolio of £600 million in existing investments, with the same again ready to go into new opportunities. If you'd like to find out how you can get some happy returns too, call

Sally Wright at CIN Venture Managers on 071-245 6911. It could be your birthday. Wember of IMBO

Major warns UK faces lower output for public transport had been

continued from Page 1 ceeds of privatisations, would be an unchanged 39.5 per cent of gross domestic product in this financial year and next before dipping to 39 per cent in He also forecast that the gov

ernment would run a budget surplus of £3bn in the current financial year. This would be lower than the £6.9bn forecast in the budget but was "a stronger fiscal position" than all other members of the Group of Seven leading industrial nations, except Japan. Although the 1991-92 planing total is £7.9bn above pre-

vious estimates, it represents a cut in real, inflation-adjusted spending compared with that foreseen in the government's public expenditure white paper earlier this year. "The new plans represent a

very tight settlement." Mr Major said. "Many of my col-leagues have had to drop or postpone proposals they would otherwise have regarded as

But he told parliament that the spending plans were also designed to "protect the most vulnerable groups in society against the effects of higher inflation, and to maintain longer term policies to improve the working of the economy." He said that substantial extra resources totalling £7.5bn had been allocated to health, social security and to central government support for local

authority services.

These included a 5 per cent real increase in spending on

uprating of social security ben-efits, reflected this year's higher than expected inflation Mr Major said there were limited additions to spending

in other areas. The provision

increased by £740m in 1991-92 to enable improvements in the London underground and to enable British Rail to prepare for the Channel tunnel. Over the next three years, investment in public transport would double compared with the previous three years.

The central government's education budget for next year had been increased by £520m, largely to finance increased numbers of students in higher education. In addition the government had added £180m its planned spending on the envi-















































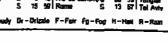


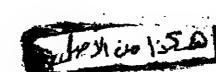












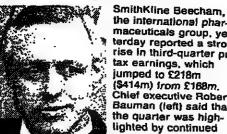
FINANCIAL TIMES COMPANIES & MARKETS

Friday November 9 1990



INSIDE

SB posts strong gain in quarter



the international pharmaceuticals group, yesterday reported a strong rise in third-quarter pretax earnings, which jumped to £218m (\$414m) from £168m. Chief executive Robert Bauman (left) said that the quarter was highlighted by continued

growth in both trading profit and earnings and that the buoyant market conditions were likely to spill over into the final three months of the year. Page 26

Asko close to acquiring Co op

Asko, the German retail concern, is close to acquiring Co op, the supermarket and do-it-yourself business which has made heavy losses over the last two years. Deutsche Genossenschaftsbank, which holds a majority of Co op's shares, said yesterday negotiations with Asko were at an advanced stage. Asko declined to comment, but has called a press conference for Monday. Page 22

Where will that wind blow?





It promises to be a fight over where the Chicago Board of Trade goes from here. The election campaign for a new chairman of the world's largest futures exchange began this week. Faced with stiffening world competition, the challenges of new technology and a poor public image, the CBOT is in need of strong leadership. Barbara Durr reports on the two candidates, current chairman William O'Connor and challenger Patrick Arbor. Page 25

Signs of Japanese slowdown

Reports of Interim financial results from Japan's leading industrial companies in the past few days indicate corporate profit growth in the country is finally slowing. That growth is being hit hard by rising costs of materials, labour and money. Sales have held up so far, but many companies think they could go soft in the next few months as economic conditions deteriorate both at home and abroad, ian Rodger reports. Page 23

Get together in Brazil



Misery loves company. And if ever there was a place that proves this it is Brazil, Battered by low volumes and a fee bie economy, Rio de Janeiro and São Paulo. the country's two biggest equity markets, have decided to get together. Victoria Griffith for the link up. Page 42

Market Statistics

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Kuraray Leading L Microsoft

Companies in this section

Appleby Westward Auko Banco Bilbao British Petroleum Burmah Castroi CS First Boston Coletax & Fowler Daily Telegraph Daiwa House Davies & Metcalfe

Omron Placer Dome Polly Peck Inti Premier Group Renault Royal Dutch/Shell SmithKline Beecham Stanhope Properties Takeda Chemical Inds Thyssen Industrie UniChem Volvo Wal-Mart Welpac Worcester Group Yale and Valor Yamanouchi Pharm.

Chief price changes yesterday

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New York prices at 12.30pm

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THE FINANCIAL TIMES LIMITED 1990

its wide-ranging plan to stem the losses that have shaken confidence in the long-term future of the state-owned company.

Designed to return Bull to prof-

jobs worldwide and the closure of seven of the company's 13 manu-facturing sites. It also entails FFr11bn (\$2.2bn) of new investment in research and develop-ment, much of it through French

he European electronic industry, which has been

experiencing substantial

restructuring in recent years, had another convulsion yesterday when STC, the last remaining

independent British telecommu-

nications equipment manufac-turer, agreed to a 21.9bn bid from Northern Telecom, the Canadian telecommunications giant. For Nortel, the deal, which will create the third largest telecom-

munications equipment group in the world with sales of \$9bn a year, appears to hold consider-

The company, the main strength of which is in computer-

ised telephone switching equip-ment, concentrated in the early and mid-1980s on breaking into the US market through the "Baby

Bells", the US regional telephone

companies. Last year, it relied on the North American market for

The group has recently turned

its main sales thrust to other

parts of the world. Although it has had success in Asia — it has

become the largest non-Japanese

Telegraph, and has recently made significant inroads in Aus-

tralia - the company has found it difficult to penetrate the Euro-

Nortel said STC will offer it access to the UK market and a

springboard into the rest of

Europe in preparation for the single market after 1992. The Euro-

pean market for switching equip-

pean market for switching equip-ment — Nortel's speciality — is worth about \$9.3bn a year. STC's strategy has been to cre-ate a European-based communi-cations group. Mr Paul Stern, Nortel's chair-man and chief executive, said that STC would continue to pur-sue that policy once it had been

sue that policy once it had been acquired. The two companies also

pean market.

94 per cent of its revenues.

of Bull's European competitors as Mr Fauroux had recently suggested.
Instead it says that Bull will

Nortel leaps on STC

divest from activities where it does not believe it can be a mar-ket leader and will seek to estab-lish a wide range of alliances and partnerships with competitors

and customers.

Honeywell of the US and NEC of Japan hold 12.8 per cent and 15 per cent respectively of Bull HN information Systems, one of the group's four operating units. The group made a loss of FFr.267m on sales of FFr.32.7bn last year and is expected to lose FFr.2.8bn this year, according to

and chief executive officer. Mr Lorentz said he did not expect Bull to make a profit in 1991 either, and sales would remain essentially flat.

The plan, which has been in preparation over the summer months, is a speeding-up of mea-sures instituted when the com-pany's financial plight became clear: "The acceleration of change in our industry requires us to accomplish in two years what we had planned to accom-plish in four." Mr Lorentz said.

Manufacturing will be reduced

to three plants in France, two in the US and one in Italy. The new research and development funds will chiefly be used to help the company create a unified product design throughout its computer families.

Zenith, the personal computer maker Bull acquired last year, will have its research and devel-opment budget increased by 25

Management restructuring should bring about economies which have so far escaped the combined company.

bids for 25% of **Spanish** gas group

Banesto

CARBUROS Metalicos, Europe's third-largest producer of ferro-alloys and industrial gases, yes-terday received a bid of Ptal4.8bn (\$157m) for 25 per cent of its shares from the Banesto banking and industrial group. Trading in Carburos Metalicos

was suspended on Spanish stock-markets yesterday following the public bid by Corporacion Banesto, the industrial holding company of Banco Español de Credito (Banesto), the large Spanish bank. A successful bid would raise Banesto's stake in Carburos to almost 50 per cent. Banesto owns 16 per cent of Carburos and is believed to control a further 8 per cent through other companies in the corpora-

Air Products of the US owns 25 per cent of Carburos, with an option to purchase another 5 per cent. Spain's Banco Central has 11 per cent and some 35 per cent of the equity is traded on the Madrid stockmarket.

The move suggests a new tac-tic by Banesto, which launched Corporacion as an umbrella for its widespread industrial assets

in July. Its intention was to place part of its industrial holding on the international markets, but the placement was suspended two months ago due to adverse mar-

Last month, Banesto signalled that it intended to build up its Corporacion portfolio — while awaiting better times for an international placement of the holding. It acquired a controlling stake in the Rioja wine producer, AGE, for Pta1.8bn from Guin-

ness, the UE drinks group.

The share price of Carburos
Metalicos has fallen from yesterday. Banesto is offering Pta4,800.

"Baresto is moving now because Carburos is going cheap and its position in the company was relatively weak," said Mr Javier Criado of Madrid business analysts, Axel.

Market analysis said the com-pany's ferro-alloy business was badly exposed to cyclical downturns. However, its industrial gases products, which account for two-thirds of turnover, were able to maintain margins.

Carburos is ranked number three in Europe after Norway's Elkem and Pechiney in France. It recorded a net profit of Ptal.7bn in 1989, but is expected to be less buoyant this year.

Bull to cut workforce by 5,000

By William Dawkins in Paris and Alan Cane in London

GROUPE BULL, the troubled French computer manufacturer, yesterday announced details of

itability within two years, they include the loss of a further 5,000

government contracts, which have yet to be negotiated.

Bull, which has already cut 2,500 jobs this year to leave its total workforce at about 44,000, will shed 1,100 of the jobs in The recovery plan, which has the blessing of Mr Roger Fau-roux, the French industry minister does not, however, call for a merger or partnership with one

springboard to Europe Paul Abrahams and Bernard Simon look at the deal

appear to make a good fit, with negligible overlap in products. STC's greatest expertise is in STC's greatest expertise is in fibre optic cables.

Mr Arthur Walsh, the UK group's chairman, said he enthusiastically supported the acquisition which secured the future of the company. He explained that although STC had been less valnerable than ICL — the computer subsidiary sold to Fujitsu of Japan this summer — it still needed a link with another comneeded a link with another com-

Not all analysts, however, were convinced of the wisdom of the deal for Nortel.

Mr Stern admitted yesterday that the deal had involved tough negotiations. The price paid by Nortal was at the higher end of analysts' estimates.

Analysts estimates.

Analysts were also concerned about the collapse in STC's pretax profits for the six months to July 1 which fell by 32 per cent.

Mr Walsh said his company's results had been affected by the sale of ICL, poor economic conditions and uncertainty about STC, which had worried a number of customers. British Telecom, which is STC's main client, said yesterday that it had been slow-ing its capital investment in cer-tain technologies.

The deal will also push Nortel's gearing from about 25 per cent to 50 per cent. Nortal is borrowing the entire takeover sum from Barclays Bank, Citicorp, Royal Bank of Canada and the Toronto-Dominion Bank. Mr Stern said he expected gearing to come down during 1991, though not to its

yesterday's announcement of the deal was not altogether unexpected. After STC had agreed the sale of ICL it admitted that the group was too small to have a future as an independent com-pany and was looking for a part-

ner. There were no obvious joint-venture candidates. Nortel already had a 27 per cent stake in the British company.

The deal nevertheless follows repeated suggestions from other European telecommunications companies that STC should look for a European solution. Last for a European solution. Last month, Mr Pierre Suard, chair-man of CGE, the French group which owns 70 per cent of Alca-tel, said his company was "not uninterested" in acquiring STC.

A nalysts were highly doubtful yesterday that any alternative bidder would emerge for the company.
Mr Charles Burrows, an analyst
at James Capel, explained that it
would be difficult for anyone to
contest an agreed bid when the
bidder already had such a substantial stake.

stantial stake.

Alcatel said yesterday it was watching the situation, but that it was a long-standing policy of the company not to become involved in protracted confrontational acquisitions.

Meanwhile, the deal confirms

that the world's electronic indus try is being substantially consoit-

The increasing cost of electronics research and development has meant that companies are being forced to turn into global organisations to ensure a return on

This autumn GCE forged a strategic alliance with Fiat's Telettra, which gave the French group access to the Italian tale-communications market. And earlier in the year, GEC, the UK electronics group, and Slemena, combined to take over Plessey, the defence electronics company. For European groups, it is becoming increasingly clear that it is impossible to survive on national markets alone.



Mr Stern admitted the deal had involved tough negotiations

Shell and BP face criticism as reported earnings jump

BRITISH Petroleum and the Royal Dutch/Shell group yester-day faced a barrage of criticism over the enormous increases in third-quarter reported earnings on the back of higher oil prices. BP's earnings nearly quadru-pled to £822m (\$1.6bn) while Shell posted a 68 per cent increase to £1.09bn based on the official fig-ures, which include huge stock-holding profits.

Mr Frank Dobson Shadow,

energy secretary, said: "This goes to show how much the oil companies are profiteering out of the Gulf crisis." Mr Ted Leadbitter, Labour MP for Hartlepool, said: "Once again the motorist has been taken for a slippery ride and our forecasts of highway robbery have been confirmed."
The oil companies, however,

will find themselves in the unfortunate position of being unable to gain from the higher value of oil

Replacement cost after tax profits (£bn) 20

in their refineries and distribution systems. This is because the vast majority of this oil has to kept within the system in order to keep it working and will have to be replaced at today's high

Stripping out the effects of inventory revaluation, both com-panies posted sizeable declines in profits compared to a year ago. This is because the higher profits from oil production were insuffi-cient to compensate for weaker margins in oil refining and mar-keting, and chemicals produc-

BP's profits on a replacement cost basis fell from £264m to £103m, while Shell's profits declined from £667m to £480m. Shell's figures were worse than most analysts expected, while BP came in at the higher end of estimates. Industry analysts agree that replacement cost profits are the best measure of the underlying performance. US oil companies report results on this basis. Details, Page 26. Burmah Cas-trol, Page 27

BT first-half profits hit £1.5bn

By Paul Abrahams in London

BRITISH TELECOM yesterday announced a 16.7 per cent rise in pre-tax profits for the half year to September 30, but warned that the slowdown in UK and world economies was affecting demand for the countries. for its services. Mr Iain Vallance, BT chairman,

explained: "We are seeing a marked slowing in the rate of growth in our main services which reflects current trends both in the domestic economy and internationally." He added that he expected the slowdown to continue for some time.

Demand for BT's inland services increased 6.2 per cent to £2.5bn (\$4.9bn) during the first six months of the year, but the rate of growth was substantially lower than this in the second quarter. International call revenues grew only 4.3 per cent to

"These figures are amazing and unprecedented," said Mr Stephen Owen, an analyst at James Capel.
"In the past, BT's normal growth
has averaged about 9 per cent.
They show just how severe the downturn in the economy really

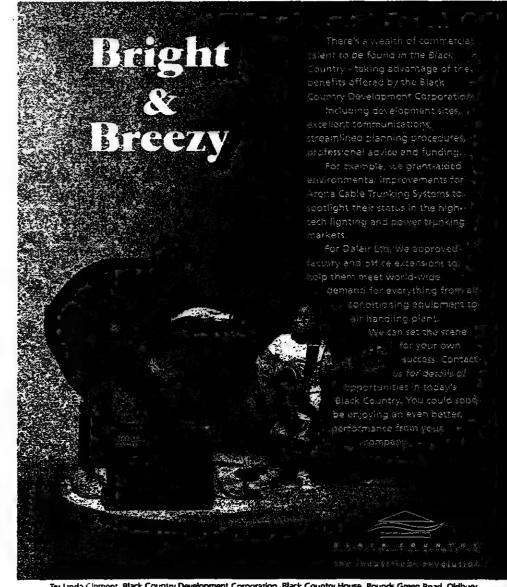
BT also experienced a slowdown in the growth of new exchange lines being connected. The rate of growth in the number of business connections declined September 1989 to 7.7 per cent during the same period in 1990. The figures for residential customers fell from 3.2 per cent to 2.3 per cent over the same period. Mr Vallance refused to give details about the number of lines that had been cut for non-payment of bills, but admitted that there was some indication that some small businesses were suffering at the moment. The company is improving its credit con-trol facilities.

He said that despite weakening demand the company had turned in a good performance through the old fashioned method of reducing costs.

The increase in pre-tax profits from £1.3bn to £1.5bn was achieved on an 8 per cent rise in turnover from £6.4bn to £5.9bn. Operating costs for the first six months increased from £4.4bn to £4.7bn, while operating profits increased from £1.5bn to £1.7bn. The results included a tax charge

in the corresponding period. Earnings per share for the first half were 16.5p (14.2p). For the second quarter they were 8.5p. The board declared an interim dividend of 5.25p per share

of £513m compared with £446m.



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Alfa Laval up strongly to SKr315m Microsoft

By Robert Taylor in Stockholm

THE recovery of Alfa Laval, the Swedish dairy equipment and process engineering group, continues, judging by yesterday's 24 per cent increase in

third-quarter profits.

Profits after financial items rose to SKr315m (\$57m) from SKr255m to leave profits after nine months ahead by 16 per cent at SKrL05bn. Orders for the nine months improved by 17 per cent to SKr11.92bn, with a third of the gain arising from

Earlier this year, the company forecast a 15 per cent growth in sales and profits for 1990, and it is on track. Alfa Laval's profits last year were

"Unlike many hard-pressed Swedish companies, we are not so sensitive to economic down-turn because of our food processing and environmental pro-tection operations," said Mr

Fujitsu airs

doubts on

ICL status

By Michael Skapinker

FUJITSU of Japan fears it may lose many of the benefits expected from its ICL acquisi-

tion if the UK computer manu-facturer is expelled from Euro-

pean research projects.
Mr Masaka Ögi, president of
Fujitsu Laboratories, the

group's research company, said yesterday ICL's European sta-

tus was one of the main rea-sons it decided to buy the group from STC, the UK tele-

ommunications company.
"I think if ICL is separated

from the European networks,

half of the meaning would be lost," he said.

There was no suggestion, however, that Fujitsu would ever abandon the deal, said Mr

Ogi. Some European electronics

executives have said that ICL should be expelled from public-

ly-funded EC programmes such

as Esprit, Eureka and Jessi

when it passes into Japanese hands at the end of this month

Mr Ogi said ICL would remain sufficiently separate from Folitsu to retain its Euro-

pean character. "In deciding how to proceed, we will take into account their European

operations," he said.
In return for ICL retaining

its membership of European

pared to support greater Euro-

pean participation in Japanese

NEW ISSUES November 7, 1990

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Series SM-1995-O Cusip No. 313586 T 66

Lars Kylberg, president and chief executive. He remains confident that Alfa Laval can average a 15 per cent annual growth rate over the next five

"Of course there is no such thing as a recession-proof com-pany," he said. "There are cer-tainly clouds on the horizon." He said a fall in demand could be seen in a number of its key export markets, notably North America and the Nordic region. Nor could Alfa Laval be immune from the economic problems of eastern Europe and business uncertainty caused by the political situa-tion in the Middle East.

Alfa Laval is growing fastest in its food processing business, where the company's operating income rose by 44 per cent in the nine months to SKr147m

The company's industrial business, which makes equip-ment for food processing and accounts for around a half of sales, enjoyed 14 per cent growth in nine-month sales, to Kr6.34bn.

There was also satisfactory growth in the agricultural business sector, covering mainly milk and dairy products. Here there was 21 per cent improvement in operating income to SKr252m, and 17 per cent growth in sales to

The company's restructuring of core operations through decentralisation into autonomous operating areas, along with cost-cutting and increased investment in research and development, appears to be paying off.
Alfa Laval has also benefited

from an aggressive acquisi-tions strategy in the US and

western Europe. Over the past three years alone the company has purchased 22 busine with accumulated sales of SKr4bn. Mr Kylberg estimates as much as 20 per cent of total income this year derives from acquisitions made since 1986.

He points out, however, that Alfa Laval's divestment of interests in biotechnology and fish farming also helped the

The financial power base of the company was strengthened through the release of some SKr2bn of capital tied up in low-yielding assets. This enabled it to purchase acquisitions from its own internally generated funds. "It is a strong point that we

have self-financed our growth," said Mr Kylberg. It has ensured us a positive cash flow provided the company

Asko close to acquiring Co op

Germany's retailing history, with Co op having plunged into a confusing array of finan-

cial and managerial problems after a period of rapid growth.

Last year, it made an operat-ing loss of some DM250m

(\$169m), down from DM370m in

By Andrew Fisher in Frankfurt

ASKO, the German retail concern, is close to acquiring Co op, the supermarket and do-it-yourself business which has been losing heavily for the past two years.

Deutsche Genossenschaftsback OC Benty which holds a

bank (DG Bank), which holds a majority of Co op's shares, said yesterday negotiations with Asko were advanced. Asko itself declined to comment, but has called a press conference for Monday. DG Bank and BfG (Bank für

Gemeinwirtschaft) were left with 67.5 and 22.5 per cent

respectively of Co op's shares after foreign banks declined to participate in further capital participate in further capital restructuring. The deal will m south and south-east Gerconclude a turbulent episode in many to REWE, the private

1988. It has forecast a trading loss of around DM150m this year. Co op said yesterday, however, that extraordinary proceeds from the sale of regional and specialist outlets would leave it with a net profit of around DM100m.

So far this year, its disposals include 120 supermarkets in west Berlin to an east German retailing group; 47 self-service modes, the French distribution company; 80 do-it-yourself outlets to Stinnes of Germany; and 170 supermarkets in Ham-burg to two German co-operatives. This has left Co op with 850 food stores in the western area of Germany, with a turn-over of about DM4bn. Next year, it hopes for a net

return of 1 per cent on these for a small profit of up to DM40m. It was because of the decision to reduce Co op's size that Mr Hans Friderichs, the former economics minister and chief executive of Dresdner Bank, stepped down in May as the head of the company's supervisory board.

Premier advances 21%

By Philip Gawith in Johannesburg

PREMIER GROUP, the South African food and consumer products supplier, increased profits in the six months to the end of September following good results from its food divi-sion and the entertainment group CNA Gallo. The dividend is going up by 12 per cent to 28

Turnover rose by 20 per cent from R2.1bn (\$840m) to R2.53bn. Mr Peter Wrighton, chief executive, said the increase was "extremely gratifying" given trading conditions characterized by wideenread characterised by widespread violence, consumer boycotts, and labour unrest.

FannieMae

Operating profit was only 11 per cent up at R158.4m, but lower finance charges saw the pre-tax figure rise by 21 per cent from R100.1m to R121.2m. Premier operates in the food pharmaceuticals and entertain

ment and education fields. In the year to March, these contributed 67.2 per cent, 20.5 per cent and 12.3 per cent respectively to attributable earnings of R122m. Attributable earn ings for the six months reported rose by 29 per cent to R60.3m (R46.7m).

The oil and fats and pharma-centical wholesale distribution units remain problematic.

Dow Jones in publishing ioint venture

By Alan Friedman In New York

Wall Street Journal, and the von Holtzbrinck Group of Germany, which publishes Handelshlatt, the leading German business daily, yesterday unveiled a new joint venture to co-operate in current and future English-language publishes in Firence.

The new company - Handelsblatt-Dow Jones GmbH – will have an initial capital of \$1m and plans to develop joint advertising, circulation and distribution arrangements between The Wall Street Journal's European edition and Handelsblatt in Germany and elsewhere in Europe.

Dow Jones said the venture would also explore new English-language publishing opportunities between the two parent companies.

The new company will be based in Frankfurt and will have as members of its board of directors Mr Dieter von Holtzbrinck, president of the

tion of more than 140,000 and also publishes Wirtschafts-woche, a business weekly. The German company also owns Scientific American, a US mag-

azine.
The Wall Street Journal said its European edition, launched in 1983, has a circulation in Europe of over 50,000. Dow Jones recently said the European edition of The Wall Street Journal was making losses mainly because it was ploughing back money into its expansion projects.

DOW JONES, publisher of The Wall Street Journal, and the

lishing in Europe.

The companies are already equity partners in several European ventures including Groupe Expansion of France and Eurexpansion, a network of national language business publications in a dozen European countries.

German company and Mr Peter Kann, president of Dow Jones. Handelsblatt has a circula-

accused of unfair trade practices

By Louise Kehoe

MICROSOFT, the world's largest personal computer software company, has been charged with using its market dominance to limit competition in an anti-trust suit filed this week by a southern Calif-ornia maker of computer

"mice".

Z-Nix of Pamona, California, claims that Microsoft employed bully tactics to prevent it from selling a computer "mouse" that competes with a similar Microsoft product. The suit also alleges that Microsoft breached an agreement to Hoose Z-Nix an agreement to license Z-Nix to sell Microsoft's Windows program bundled with its

mouse.

Z-Nix is seeking triple damages of \$4.5m and affirmation of its Windows licensing agreement with Microsoft.

"It is time for us to stand up to Microsoft's unfair trade practices and stop the slow death of innovation in this industry," said Mr Thomas T. Chan, a software law expert representing law expert representing Z-Nix.

"While we negotiated in good faith and began execut-ing marketing programs against an agreement, Micro-soft was using its market clout to muscle as out of another market. The little company has no chance playing with these rules on Microsoft's field," said Mr Frank Yeb, vice-president of sales and marketing at Z-Nix.

Z-Nix is a five-year-old com-pany with projected sales this year of \$5m. Microsoft's reve-mes for the fiscal year ending in June were \$1.18bn.

Microsoft officials said they had yet to receive a copy of the complaint, but noted the company was "surprised" to learn of the suit because it had been in discussions with Z-Niz.

Microsoft also claimed it had reached only a "verbal and very preliminary agree-ment" with Z-Nix over soft-ware licensing and that efforts to finalise an agreement had so far been unsuccessful. The software company declined to comment on the specific accu-sations raised in the auti-trust

Renault adds to Volvo shareholding

By John Burton

INDUSTRIVARLDEN, the Swedish investment company affiliated with Svenska Handelsbanken, yesterday sold its 5.6 per cent voting stake and 2.2 per cent equity stake in Valvo to Renault for SEr260m

Valvo to Renault for SErzeum (547m).

Renault agreed to buy 10 per cent of the equity and voting rights in Volvo on the open market as part of its cross-ownership deal with Volvo announced in February. The Industrivariden deal marks a rignificant stan for Renault significant step for Renault, which now has a 6.2 per cent voting share in Volvo and a

4.5 per cent equity interest.
Industrivariden is the first
of Volvo's institutional investors to agree to sell its interest in the Swedish vehicle group to Renault.

Volvo's main shareholders include interests associated with Svenska Handelsbanken; the Swedish construction con-cern Skanska; the Swedish state; Sweden's co-operative movement; and Skandinaviska Enskilda Banken.

Several of them have said they are not interested in sell-ing their stakes to Renault, raising doubts about whether the company can acquire its 10 per cent stake quickly.

NCR stock rises on talk of merger with AT&T

close of \$48.

NCR's stock price rose sharply yesterday following a report that the company may be in merger talks with AT&T. Both companies declined to

comment on the report and an NCR spokesman noted there had been "perennial rumours" of an AT&T acquisition of NCR which had come to naught.

NCR rose to \$56% at mid-ses sion, up from a Wednesday

The reported merger talks could not be confirmed, but industry analysts said they would not be surprised if AT&T were to merge its com-puter operations with those of nother US company.

AT&T has been struggling to

build its computer business for several years, but has so far met with only moderate suc-Analysts said AT&T's com-

puter operations were not prof-Rumours have been rife that cash-rich AT&T would make a significant acquisition to boost

its presence in the computer

market with high-performance

machines.

Currently, AT&T's product line is limited to desktop computers and minicomputer-class puters and minicomputer class machines with a strong emphasis on computer networking.

Among the companies mentioned as possible acquisition targets, apart from NCR, is Unisys, the struggling \$10bn computer and defence group whose stock is currently trading at less than \$3, following beavy losses.

heavy losses.

NCR would, however, be more attractive target, analysts noted. The company, one of the oldest in the computer business, is weathering the current industry turmoil better than most of its competitors.
For the first nine months of this year, NCR revenue grew 5 per cent to \$4.39bn while net income fell 3 per cent to \$258m.

NCR is a strong supporter of AT&T's UNIX computer operating system and recently overhauled its product line to adhere to industry standards for "open systems".

Sale of energy assets helps Placer Dome lift earnings

By Bernard Simon in Toronto

PLACER Dome, one of North America's leading gold producers, almost quadrupled its third-quarter earnings, thanks to the proceeds from the sale of oil and gas assets, increased gold output and slightly higher

Net income jumped to C\$83.9m (US\$72.3m) or 36 cents a share, from C\$21m or 8 cents, with earnings from continuing operations rising to C\$29.9m from C\$19.2m. The gain from the oil and gas properties was C\$54m. Revenues rose to

C\$296.8m from C\$257.9m. Earnings for the first nine months of 1990 were C\$199.8m, up from C\$90.3m a year earlier. The latest figure includes a gain of C\$113.9m from the oil

Vancouver-based Placer's

By Robert Gibbens in Montreal

BRASCAN, the Canadian

financial services, consumer

products and resource holding

company, suffered a 42 per cent decline in profits for the

first nine months, but it

expects an improvement in the fourth quarter because of

higher energy earnings.

A fall in the mining and minerals sector explained most of

the drop in overall earnings.

Brascan, the core company of the Peter and Edward Bronf-

man interests of Toronto, con-trol Noranda, John Labatt, Tri-lon Financial and many other

companies. Trilon's income

now contributes slightly more

ued in the third quarter of

1990, with the company report-ing a sales advance of 26 per

cent and earnings per share up

25 per cent. Total sales during the three

months to end-October stood at

\$7.93bn, compared with \$6.28bn in the same period a year ear-

lier.
The figure was belped by

more new space coming on stream; a net 65 new Wal-Mart stores opened in the quarter.

together with nine Sam's

wholesale clubs. These sell dis-counted goods to members and

than the resource group.

share of gold output totalled 1.04m oz in the first nine months, 22 per cent higher than last year. Average cash production costs dropped by US\$8 an ounce to US\$242/oz. The com-

pany realised an average price of US\$420/oz. Forward sales contracts have been arranged for 209,000 oz of 1990 production at an average price of US\$443/oz, and 544,000

oz of next year's output at a price of US\$450/oz. The Porgera mine in Papua New Guinea started commer-cial production on September 1. Placer's share of output,

including pre-production allo-cations, was 22,400 oz at a cash production cost of US\$65/oz. Total production costs were

Third-quarter profit was

C\$27.5m (US\$23.7m) or 19 cents a share, down 61 per cent from

C270.9m or 78 cents a year ear-

lier, on revenues little changed

Nine-month profit was C\$124.6m or \$1.09, against

C3216m or C32.24, on revenues of C37.8bm, against C37.1bn.

Loblaw, Canada's largest

or 32 cents a share in the third

quarter, up 46 per cent, on sales of C\$2.6bn, ahead 6 per

Nine-month profit equalled

76 cents a share, against 54 cents on sales of C\$6.4bn, a 6

Interest costs were \$45.4m,

up from \$39m a year earlier, but net profits still progressed

from \$232.7m to \$282.8m. Fully

diluted earnings per share rose to 25 cents, against an adjusted

20 cents in the third quarter of

growth contrasts with the

experience of many other com-

panies in the US retail sector, said the "overall economic uncertainty" was providing challenges, but confirmed it was "well-positioned to achieve

our plans for the balance of the

Wal-Mart, whose recent

per cent increase.

Wal-Mart growth continues

THE relentless growth at aim largely at the small business customer base.

THE relentless growth at aim largely at the small business customer base.

Interest costs were \$45.4m,

food distributor, earned CS

Brascan profits slide 42%

REDEMPTION

accruing to the date of redemption, at the office of Cititrust (Bahamas) Limited, the Paying Agent, in the Citibank Building, Thompson Boulevard

Payment of the redemption price

THE PRIVATE TRUST CORPORATION

CANAL

(Parls, November 5, 1990) CANAL +. Europe's largest pay-ity etwork, said today that its consolidated revenue at September 30, 1990 had increased by 22.7 percent over the year-earlier period. On a comparable basis, consolidated revenue growth was 12.2 percent.

| (F milions) | Sept. 30 1990 | Sept. 30 1989 | % change |
|---|--------------------|-------------------|----------------------------|
| TELEVISION (Parent company) MANUFACTURING (Antennes Tonna) OTHER (other consolidated companies) | 4,077 377 30 | 3,627 10 18 | + 12.4% N.S. • 66.7% |
| TOTAL REVENUE | 4,484 | 3,655 | +22.7% |

quarter, as a result of seasonal factors and the decision to suspend registration of new subscriptions as of September

Belgium, 54,000 in Spain (where broadcasting began last September 14), 70,000 in Germany and 35,000 in Sweden.



yacyretá BROOKS PROTECTION WORKS.

INTERNATIONAL PUBLIC BID. CONTRACT Y-C2.

completion of Aguapey and Tacuary Books Protection Works, being carried out on the right side of Paraná River in the Republic of Paraguay. Contract Y-C2.

capacity, and such equipment as are required by the Contract Documents. Tenders shall include financial an unremainted an undered per cent of all currencies of the Bid, including the national Paraguayan and Argentine currencies. This Call is opened to all Contractors and Suppliers from the member countries of the IBD and the IBRD, from Switzerland and from Tarwan (China).

Within these bidding proceedings, the Emidad Binacional Yacyreta shall make a preselection of bidders, by the

Within these bidding proceedings, the critical chiractorial fractives shall make a preselection of bidders, by the two envolope simultaneous submittance system. Interested parties may acquire Y-C2 Contract Documents the offices of Entidad Binacional Yacyretá, located at Avida. Madero 942, 20th. Floor, (Technical Department), Buenos Aires, Argentine Republic, and at Humaitá Nº 145, 12th. Floor, Asunción, Republic of Paraguay, as from October 29, 1990, at the price of USS 500.00 each copy. Tenders shall be received at main office of Entidad Binacional Yacyretá, Technical Department, Villa Permanente, Ituzaingó. Province of Corrientes, Argentine Republic, up to January 7, 1991 at 03.00 p.m., whereat envelope Nr. 1 shall be opened before any attending interested parties, then the pertinent record shall be drawn.

HUMAITA 145 - ASUNCION - REP. DEL PARAGUAY

Further lay-offs at CS First Boston

By Nikki Talt in New York

THE CHILL winds blowing through Wall Street have claimed another 45 Jobs, this time at CS First Boston: The global investment bank said it had dismissed just under 10 per cent of staff from its equity division and expects further job losses in the organisation generally in the coming

months.

Also departing from the investment bank is Mr William Mayer, head of CS First Boston Mayer, nead of CS First boston Merchant Bank. This is the lat-est in a line of top manage-ment changes at First Boston. Mr Mayer, aged 50, was demoted as First Boston Corp's president and chief executive last January and given charge of a new merchant banking subsidiary. He was replaced by Mr John Hennessy, chief exec-utive of First Boston's holding

company, CS First Boston.

Yesterday, however, First Boston maintained Mr Mayer had been responsible, in particular, for solving the problem of the bank's \$1.1bn tranche of troubled "bridge loans", and this situation was fairly close. to resolution.
Officials at the investment

bank declined to specify how many jobs would go, but it seemed possible there would be more cuts before Christmas. The cuts are likely to be spread across the bank's

domestic operations. The lay-offs at First Boston are the latest in a round of redundancles by leading Wall Street employers: Morgan Stanley, Pruden-tial-Bache and Citicorp have all announced significant cuts

in recent weeks.

First Boston axed 200 jobs last April – a move which meant the bank's staff numbers had been pruned by around 1,000 to 4,700 since the October 1987 stock market Merrill Lynch said it had.

cut its investment banking staff by an additional 50 peo ple, or 8 per cent, to 575 bankers over the past week as part of a reorganisation in which it plans to trim several hundred

NOTICE

Notice is hereby given that Sonehouse Limited has elected to redeem a portion of its US \$3,255,000 10% Notes due October 30, 1993 (the "Notes"), such portion to be equal to a principal amount of

ratably to all of the Notes. The Notes will be redeemed ori November 30, 1990 at a: redemption price of 100% of the principal amount thereof beirig redeemed, together with Interes

\$1,953,000 and to be applied

of the Notes will be made upon presentation and surrender of the Notes to be redeemed together with all appurtenant coupons maturing subsequent to November 30, 1990 at the aforesaid office. Interest on the portion of the principal of the Notes being redeemed will cease to accruse on or after November 30, 1990. All interest accrued to November 30, 1990 will be paid at the aforesaid office on or after the aforesaid date upon presentation : and surrender of the Notes.

LIMITED

CANAL + NINE MONTH REVENUE UP 22.7%

| CONSOLIDATED REVENUE | AT SEPTEM | BER 30. 199 | 0 |
|---|--------------------|-------------------|----------------------------|
| (F milions) | Sept. 30 1990 | Sept. 30 1989 | % charge |
| TELEVISION (Parent company) MANUFACTURING (Antennes Tonna) OTHER (other consolidated companies) | 4,077 377 30 | 3,627 10 18 | + 12.4% N.S. • 66.7% |
| TOTAL REVENUE | 4,484 | 3,655 | +22.7% |

The number of subscribers remained stable over the third

Revenue figures in the above table do not include sales of the group's foreign subsidiaries, which are consolidated by the equity method. All of these operations are experiencing fast growth in subscriptions. There are over 32,000 subscribers in



entidad binacional AGUAPEY AND TACUARY

Entidad Binacional Yacyretà (YACYRETA BINATIONAL ENTITY) calls for International Public Bid to contract

in the Republic of Paraguay. Contract Y-C2
There may participate in this Bid any Joint Ventures constituted by domestic (Argentine and Paraguayan) companies, associated with foreign companies, of renown technical expertise and capability to complete works similar to those hereby being subject to Bid, which companies should also show such juridical, economic, and financial

AV. MADERO 942 - CP 1106 - CAPITAL FEDERAL - REP ARGENTINA

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see mi By lan Rodger ' JAPANESE MAG have reported and the SIX FRODERS 30. some suffering the increase in stocks for difficient

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Costs de By Stefan Wagsty! PRE-TAX profits the Japaness machinery make-cent to Y15.55

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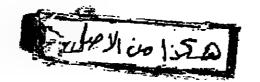
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INTERNATIONAL COMPANIES AND FINANCE

Japan steels itself for a bleak second half

Ian Rodger finds that corporate growth, once the kingpin of the economy, is slowing

orporate profit growth, which has been one of the main features of Japan's booming economy in the past four years, is finally slowing.

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Reports of interim financial results from leading industrial companies in the past few days indicate that profit growth is being hit hard by rising costs of materials, labour and money. Sales have held up so far, but many companies think far, but many companies think they could go soft in the next few months as economic conditions deteriorate both at home and abroad.

"Looking ahead, we expect that the situation in the Per-sian Gulf, unfavourable exchange rates and rising interest rates will contribute to a more difficult operating envi-ronment in the second half," Mr Atsushi Muramatsu, chief financial officer of Nissan Motor said on Monday when publishing the company's interim results.

By Ian Rodger in Tokyo

JAPANESE textile companies have reported mixed results in

the six months to September 30, some suffering badly from the increase in prices of feed-stocks for artificial fibres and

resins, and others benefiting from buoyant domestic mar-

Kurabo, a leading spinning company, said stiff competition from both domestic and foreign fabric and textile makers led to

its sharp profits fall. For the full year, Kurabo sees a slight improvement in profits coming

from its non-textile operations.

Pre-tax profit for the year will drop 40 per cent to Y1.8bn (\$14.1m), the company pre-

dicted.

Mitsubishi Rayon, the acrylic, polyester and optical fibres
group, said sales and profit

increases were due to strong domestic damand. Textile sales were up 11 per cent, while sales of carbon fibres jumped

265.1 8.2 143.8 20.9

PRE-TAX profits at Kubota, the Japanese industrial machinery maker, fell 12.9 per cent to V15.5bn (\$121m) in the six months to September.

because of increases in raw material costs.

Reporting unconsolidated interim results, Kubota said

Toyobo . 157-1 u.s. Mitsub. Ray. 139.8 8.9

Unitika

(Half year to and September 1990)

Revenue Pre-tax profit Net profit Yon % change Yon % change Yon % change

5.1 4.1 4.3 19.3

4.7 (29.9) 7.2 17.8 18.3 (5.0)

Costs depress Kubota

Textile companies

see mixed results

forecast for the year from Y190bn (\$1.49bn) to Y180bn. If the new forecast proves accurate, it will mean a slight fall from last year's Y184.3bn instead of a previously expected increase

This could be bad news for the economy as a whole, because a serious profit slump would probably make companies cut their capital spending plans. Private sector capital spending has been a main con-tributor to growth in the past few years, accounting for 24 per cent of gross national

expenditure last year.
"So far, operating profits have only been affected by margin squeezes. The big damper could come next year when sales volumes slow." Mr Jesper Koll, an economist at S.G. Warburg Securities (Japan), said.

The average pre-tax profit rise of 182 industrial companies quoted on the first section of the Tokyo Stock Exchange in the six months to September Nissan is one of many indus-trial companies that has revised down its pre-tax profit

25 per cent.

However, the outlook for the full year has become gloomy because of big rises in the price of naphtha and other feed-stocks as with a company has

increases. The company has

revised down its pre-tax profit forecast to Y12bn from Y14bn,

indicating a drop of 6.6 per

cent is now in store rather

than a 9 per cent rise.

Kuraray, another maker of synthetic fibres, said its pre-tax profits would jump 30.9 per cent to Y20bn in the current

year in spite of increases in raw material costs, and the company is raising its annual dividend by Y1 to Y7 per share. Kuraray's textile product

sales were up 5.7 per cent in the first haif, but chemical product sales surged 60.6 per

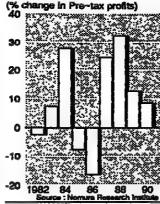
2.2 23.9

2.9 (37.7) 3.8 51.7

sales rose 7.5 per cent to

However, rising costs pushed down operating profits by 13.3 per cent to Y13.5bn.

Japanese Company performance NRI 350 Wekustrinia



of Economics. This was 10 per-centage points lower than in the same period of last year. More significantly, these companies' operating profit growth was less than than that of pre-tax profit growth, averaging only 3.91 per cent. This

Daihatsu

gains from

law change

DAIHATSU Motor, the

Japanese auto maker, reported an 8.2 per cent increase to

Y6.7bn (\$52.53m) in pre-tax

profit in the first half to Sep-tember 30, as the company benefited from a change in the

government definition of a

"minicar".

A new engine displacement limit, 660cc, up from 550cc, has attracted domestic customers who want to take advantage of the less restrictive

parking laws that apply to minicars, and Daihatsu's total sales for the period rose 10.2 per cent to Y388bn.

The company has revised upwards its full-year pre-tax profit estimate from Y13.5bn to Y14bn, compared to last year's Y11bn, and expects sales of Y779bn (Y694bn).

By Robert Thomson in

means that the companies are suffering from rising material and labour costs. Toshiba, for example, has reported an 11 per cent rise in its cost of sales and an 11 per cent jump in selling, general and adminis-trative expenses, leading to a 17 per cent fall in operating profits in the six months to September.

Wako said the processing industries in its survey, including machinery, shipbuilding and motors, were still doing well, enjoying an average 9.1 per cent increase in pre-tax profits in the first half, thanks largely to continuing strong domestic demand.

However, materials industries, such as pulp and paper and chemicals, suffered a 13.7 per cent slide in pre-tax profits due to higher interest rates and rising costs, including that of oil towards the end of the

Oji Paper, the country's biggest paper maker, for example, reported a 34 per cent fall in pre-tax profits in spite of a 2.7 per cent rise in sales. Oli said bigher labour and borrowing costs combined with a flat mar-

ket to cause the drop. In spite of a dramatic 40 per cent drop in average share prices on the Tokyo Stock Exchange, few industrial com-panies seem to have been hurt. This suggests they have been more prudent in investing their surpluses in recent years

than many have suggested.
Indeed, many have more
than offset any equity trading
losses with increases in yields on fixed income investments, thanks to rising interest rates. Sharp, the electric appliances group, for example, said that while its operating profits were up 7 per cent, its non-operating profits jumped 50.4 per cent, mainly as a result of high income from investments.

The few companies that have speculated aggressively in the ctock market have paid as

stock market, have paid a heavy price. Hanwa, a steel trading company, recently revealed that it had suffered book losses of Y25bn on its securities portfolio in the six months to September 30.

Cuts in drug prices hit pharmaceuticals

By fan Rodger

PROFIT growth of Japanese pharmaceutical companies was hit by cuts in drug prices paid by the government, but companies tried to overcome the this by introducing new products.
Sales of Takeda Chemical
Industries, Japan's top pharmaceutical company, fell sharply as a result of the withdrawal of Bayer products from its line last spring. Steady sales of new products with

higher margins offset most of

the Y65m (\$500,000) lost sales.
For the full year, the company
is projecting a pre-tax profit of
Y76bn, up 1.4 per cent.
Yamanouchi Pharmaceutical
said robust sales of circulatory

function activating drugs con-tributed to the overall sales increase. Higher costs of materials slowed growth in operat ing profits to 1 per cent. The company is forecasting a pre-tax profit of Yelbn, up 5 per cent, in the full year.

JAPANESE PHARMACEUTICAL GROUP RESULTS (Half year to end September 1990)

| Company | B | GVBRUG | Pre | -tax profit | Net profit | | |
|------------------------|-----------|----------|------|-------------|------------|----------|--|
| | Ybn | % change | Ybn | % change | Ybn | % change | |
| Fujisswa | 110.1 | 5.4 | 9.8 | (2.1) | 4.3 | (18,1) | |
| Takeda Chem | 271.2 | (8.9) | 36.6 | 0.4 | | 5.2 | |
| Yamanouchi | 105.B | | 30,0 | 2.1 | 16.2 | 18.7 | |
| Dainippon | 52.4 | . 9,1 | 5.3 | (19.7) | 2.8 | (26.3) | |
| Dalichi Seiyaku | 90.3 | 5.5 | 22.1 | (6.8) | | (14.4) | |
| Playree In brechets of | how talks | | | | | | |

cent. The company is raising its annual dividend by Y1 to Y7 per share, and the interim to Y3.5 Omron posts 2.8% increase

By Stefan Wagstyl in Tokyo

OMRON, the Japanese maker of control equipment for industrial machinery, yester-day posted a 2.8 per cent increase in interim pre-tax profits to Y12.8bn (\$99.9m), on a 7.3 per cent rise in sales to

Y179bn.
Reporting unconsolidated results for the six months to the end of September, Omron said sales of control systems its main product lines - rose 7 per cent because of increased corporate investment in labour-saving equipment. The company also completed a large traffic control system.

For the year, Omron expects sales to rise to Y380bn, up 8.4 For the full year, Kubota expects sales to rise 6 per cent to Y705bn, but profits to remain flat at Y36bn pre-tax. per cent, and profits to Y28bn,

up 3.2 per cent.

Hongkong Telecom lifts first-half profits by 17%

By John Elliott in Hong Kong

THE Hong Kong subsidiary of Cable and Wireless of the UK, cent, and international reve-Hongkong Telecommunications, yesterday announced profits attributable to shareholders of HK\$2.42bn (US\$310.4m) for the half year ended September 30. This was 17 per cent higher than the HK\$2.07bn recorded in the same period last year.

Turnover increased by 14 per cent to HK\$7.86bn, helped by a 19 per cent rise in income from international telephone calls and a 26 per cent rise in the volume of facalmile transmis-

zions. However, these figures are lower than in last year's sec-ond half when profits rose by

nues by 27 per cent.

Mr Mike Gaie, chief executive, said that the results were satisfying because they had been achieved in spite of negligible economic growth in Hong Kong and sharp slowdowns in the company's other major markets such as China, the US and Australia. The decline of the US dollar had also increased payments for outgo-ing calls to overseas operat

The results were boosted by a 20 per cent drop in taxation from HK\$281.4m in the first six months of last year to HK\$224.8m.

Ontario approves **Britgas** takeover

By Bernard Simon in

THE ONTARIO government has approved British Gas's C\$1.1bn (US\$948m) takeover of Consumers' Gas, Canada's largest gas distributor, in exchange for commitments to a substantial public stake and large investments in research and development projects at a cost of at least C\$90m.

the left-wing New Democratic government's attitude towards foreign investment in Ontario Mr Bob Rae, the provincial

premier, said the government had explored public ownership of the utility but "the cost was simply too high."

gas had agreed to several con-ditions beyond those proposed last month by the Ontario Energy Board. He released a letter from Britgas confirming its acceptance of these. The British company has

 To establish a public stake of 15 per cent in Consumers' by 1992. In addition, Britgas will limit its participation in new equity issues by Consum-ers' to no more than 50 per cent until the end of the

To make available at least

 To create a venture capital in the first five years.

an its research and develop-ment on the use of natural gas for motor validles.

To undertake that there will be no job losses at Consumers' as a result of the

Toronto stock exchange yester-day. Britgas gas offered C\$34 a

Daiwa House soars by 50% By ian Rodger

PRE-TAX profits of Daiwa House Industry, Japan's second largest house builder, soared 50 per cent to Y43.1bu (336.5m) in the six months to September 30, thanks to booming sales of high margin luxury houses in Japan.

Sales were up 18.9 per cent to Y381bu and the company has revised upward its order forecast for the year to Y310bu from Y360bu.

Net income jumped 45.1 per cent to Y21.8bn.
The company is forecasting pre-tax profit for the full year of Y89bn, up 41 per cent.

The Consumers' acquisition is the first significant test of

Mr Rae said yesterday that, after "hard bargaining", Brit-(Luxembourg) S.A. 33 Boulevard Prince Head Boite Postale 403 L-1724 LUXEMBOURG

C\$50m over the next 10 years for equity investment in com-mercially viable co-generation

fund managed in Ontario for investment in energy and related technology. Britgas will invest C\$5m in this fund • To concentrate in Ontario all its research and develop-

acquisition.

The deal still requires the approval of the Federal government, but this is widely regarded as a foregone conclusion. Consumers share price jumped C\$2% to C\$33% on the

denomination FRF 100,000,00

notice that an Adjourned Sension of the Anenal General Meeting of Shr 16c Pend S.A. (the "Carporation") will take place at 9.00 cm, at the Carpo broke Hell, Pensiroka, Bermada on November 21, 1990. Holders of bound shares may wote by proxy by obtaining from the instinctions listed below a hearer shareholders proxy, certificate of deposit and security for bearer share certificates, against of their share nontificates, and meding the proxy and certificate of deposit to the Corporation address set forth in the percending paragraph. Alternatively, butdets of bearer shares wishing to their rights personally at the secreting may deposit their share certificates, or a certificate of de themefor, with the Corporation at Pembroke Hall, Pembrokes, Bermada, against receipt through proxyla catific said bearer shareholders to enterein such rights. P.O. Box HM 670 leaning HM CX BERMUDA

PIDELITY FACIFIC FUND LA.
POTATED Under the Laws of Panama

NOTICE OF ADJOURNED SESSION OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

CORRECTION NOTICE

issue of up to U.S. \$75,000,000 SPAREKASSEN

sds

Sparekassen SDS Floating Rate Capital Notes due 1991

U.S. \$40,000,000 having been issued as the initial tranche and U.S. \$20,000,000 having been issued as a subsequent tranche

For the period from November 7, 1990 to February 7, 1991 the Notes will bear interest at 8.20313% per amum. U.S. \$2,096.36 will be psyable on February 7, 1991 against Coupon No. 20.

By: The Chase Manhattan Bank, N.A. Landon, Agunt Bunk

O CHASE

BY ORDER OF THE MANAGEMENT

COMPAGNIE BANÇAIRE FRF 800.000.000 FLOATING RATE NOTES DUE

For the period November 8, 1990 to December 13, 1990 the rate has been fixed at 10% P.A.

Next payment date: December 13, 1990

Coupen nr: 1 Amount: FRF 97,22 for the of FRF 10,000,00 FRF 972.22 for the

The Principal Paying Agent

SOCIETE GENERALE ALSACIENNE DE BANQUE 15, avenue Emile Reuter LUXEMBOURG

SHEARSON LEHMAN **HUTTON HOLDINGS** INC.

US\$500,000,000 Floating rate notes due 1991

For the three months 9 November, 1990 to 11 February, 1991 the notes will carry an interest rate of 81/16% per annum and interest payable on the relevant interest payment date 11 February, 1991 will amount to US\$213.78 per US\$10.000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan



THE SOUTH AFRICAN BREWERIES LIMITED (Incorporated in the Republic of South Africa) Reg, No. 69/16025/06

ABRIDGED INTERIM REPORT for the six months ended 30 September 1990

Turnover

19% increase; beer volume growth 11% Profit after taxation Up 17% to exceed R300 million Earnings per share Improvement of 21% to 80 cents Dividend per share Interim increased by 20% to 30 cents

Prospects

Disposable income will remain under intense pressure well into 1991 and there is little tikelihood of meaningful relaxation in the current restrictive fiscal and monetary policies in the medium term. These factors, coupled with a volatile socio-political environment, will certainly moderate the rate of profit growth in the months ahead. Nevertheless, a reasonable improvement in earnings should still be attainable for the year as a whole.

INTERIM DIVIDEND

The Directors have declared an interim dividend on the ordinary shares of 30,0 cents per share (last year's interim dividend 25,0 cents per share) on account of the year ending 31 March 1991 payable on or about 31 December 1990 to Shareholders registered on 23 November 1990.

The dividend is declared in the currency of the Republic of South Africa and payments from the office of the London transfer secretaries (Bardays Registrars Ltd, 6 Greencoat Place, London SWIP 1PL) will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 12 December 1990 or at a rate not materially different

South African Non-Resident Shareholders' Tax at the rate of 14,03% and United Kingdom tax will be deducted from the dividends where applicable.

The Transfer Books and Register will be closed from 24 November to 2 December 1990, both dates inclusive.

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa Copies of the Interim Report will be posted to registered Shareholders and can be obtained from the London Secretaries,

Barnato Bros Limited, 99 Bishopsgate London EC2M 3XE

Montreal Trustco Inc.

Y6,000,000,000 Floating Rate Debentures Due 1994

Notice is hereby given that the Rate of Interest for the Interest Period from 8th November, 1990 to 8th May, 1991 is 7.75% per annum. Interest payable on 8th May, 1991 will amount to ¥3.843,151 per ¥100,000,000 principal amount of the Notes.

Agent Bank The Loag-Term Credit Bank of Japan, Limited Tokyo

ALLIANCE #LEICESTER Alliance & Leicester Building Society 150,000,000 Subordinated Floating Rate Notes due 2004

For the three months 8th November, 1990 to 8th February, 1991, the Notes will carry an interest rate of 13.9175% per annum with an interest amount of £350.80 per £10,000 and £3,507.97 per £100,000 Bond, payable on 8th February, 1991. Lured on the Lucembourg Stock Exchange. Bankers Trust
Company, London Agent Bar

Great Belt S.A.

Y7,000,000,000 Floating Rate Notes Due 1994

Notice is hereby given that the Rute of Interest for the Interest Period from 9th November 1990 to 9th May 1991 is 7 15% per annum. Interest payable on 9th May 1991 will amount to V1.772.808 per V50,000,000 principal amount of the Notes.

Agent Bank The Long-Term Credit Bank of Japan, Limited Tokyo

SAVE & PROSPER FAR EASTERN FUND S.A.

NOTICE IS HEREBY GIVEN THAT:

Following the Extraordinary Meeting of Shareholders held on 25th October 1990, a Special Resolution of Save & Prosper Far Eastern Fund S.A. ("the Corporation") was duly registered at the Public Registry of Panama on 7th November 1990. As a result, the Scheme of Arrangement detailed in the letter to shareholders dated 8th October 1990 became effective.

Scheme of Arrangement

At the close of business on 7th November 1990, the assets and undertakings of the Corporation, were transferred to Fleming Concord Fund Limited ("the Concord Fund"), in consideration for which Shareholders of the Corporation were issued shares in the Far Eastern Class of the Concord Fund on the following basis:

for each share in the Corporation - one participating redeemable preference share in the Far Eastern Class of the Concord Fund.

The Concord Fund is an umbrella fund registered in Jersey, Channel Islands offering five different classes of shares with differing investment objectives to suit the various needs of investors as follows:-

> Fleming Concord Fund European Class Fleming Concord Fund Far Eastern Class Fleming Concord Fund North American Class Fleming Concord Fund Sterling Bond Class Fleming Concord Fund UK Growth Class

There is no material difference between the investment objectives of the Far Eastern Class and the Corporation except that the Concord Fund is Sterling-denominated and consequently the Manager will, when appropriate, hedge

Holders of shares in the Far Eastern Class of the Concord Fund are able to switch into other classes easily and at minimal cost. A particular feature of the Concord Fund is that each class receives investment advice on location from the world-wide network of Flemings' offices.

In order to receive a copy of the Prospectus of the Concord Fund, please write to Robert Fleming Management (Jersey) Limited, P.O. Box 73, Queen's House, Don Road, St. Helier, Jersey JE4 8PN, Channel Islands.

(IN SHAREHOLDERS VOLUNTARY LIQUIDATION)

Bearer Arrangements

Those shares in the Far Eastern Class of the Concord Fund attributable to the former holders of bearer shares in the Corporation are presently held to the order of the Joint Liquidators of the Corporation.

Although the issue of bearer shares by a Jersey registered Company is not permissible, former holders of bearer shares in the Corporation may have their shares registered in the name of the beneficial holder or may consider taking advantage of the Nominee Service offered by the Manager of the Concord Fund, Robert Fleming Management (Jersey) Limited. Nominee holdings are registered in the name of the Manager with an individual designation in respect of each beneficial owner, dividends on such holdings being automatically reinvested in further

In order to claim an entitlement to shares in the Far Eastern Class of the Concord Fund, former holders of bearer shares in the Corporation must send their old share certificates and coupons to Robert Fleming Management (Jersey) Limited, P.O. Box 73, Queen's House, Don Road, St. Helier, Jersey JE4 8PN, Channel Islands by registered mail giving clear instructions as to their wishes in regard to

A dividend of US\$0.01275 per share has been declared, such dividend being the last dividend payable by the Corporation.

In order to receive the dividend, former holders of bearer shares must submit Dividend Coupon No. 9 to the office of Robert Fleming Management (Jersey) Limited, P.O. Box 73, Queen's House, Don Road, St. Helier, Jersey IE4 8PN, Channel Islands. Payment of dividends against presentation or tender of dividend coupons will constitute absolute proof of the discharge by the Joint Liquidators of the Corporation of their liability therefor.

> Robert Fleming Management (Jersey) Limited. after 8th November 1990

DOING BUSINESS OVERSEAS DOESN'T HAVE TOBEA FOREIGN EXPERIENCE.

LEARN HOW TO DO IT RIGHT ON NOV. 15-16.

On Nov. 15-16, The World Trade Institute at The World Trade Center New York, is holding an important seminar entitled: "Business Diplomacy: Gaining The Global Edge.

The cost is \$695, and it could be one of the smartest investments you'll ever make. Because if you're not familiar with the nuances of doing business overseas, it could cost you.

And not just money: This two-day comprehensive program will teach you how to work effectively with your counterparts ahmad.

How to understand the cultural subtleties that can make or break a business relationship. How diplomatic responsibilities are delegated within foreign companies.

Howessential information is communicated to all levels of the staff involved.

In addition, four vitally important geographic regions will be covered in detail: the New Europe & the USSR. North & South America, the Middle East & Africa, Asia & the Pacific Rim.

Each of these areas will be examined under 10 "Steps For Success" — specific and practical mandates for dealing with foreign clients by a panel

Make plans to join us Nov. 15-16. Because what you'll learn here, will help you

To register: (212) 466-4044.

For information: (212) 466-2108.



DIVIDEND NOTICE

November 1, 1990

The above Fund has declared a dividend of 15 US cents to shareholders on record data of October 31, 1990.

Holders of BEARER CERTIFICATES should note the following: Coupon Number 20 is the final coupon remaining on the certificates in issue and the final is requesting that all certificates be returned to the Paying Agent to allow a replacement certificate to be issued with coupon numbers 21 to 47 attached. All coupons should be returned together with the share certificate to the undernoted address, with delivery instructions for the mailing of the new certificate.

PAYING AGENT: BANKERS TRUST LUXEMBOURG BA P O BOX 807 | 4 BOULEVARD P D ROOSEVELT LUXEMBOURG

Fidelity Investments (CI) Ltd 40 Esplanade 51 Helicr GB Jersey, Channel Islands.

U.S. \$200,000,000



Indian Oil Corporation Limited

Guaranteed Floating Rate Notes Due 1994 Unconditionally and mevocably guaranteed as to payment of principal and interest by

India

converse (Auto manesa Period 8%% perannum

Interest Amount per U.S. \$10,000 Note due

U.S.\$414.79

Credit Suisse First Beston Limited

All these securities having been sold, this announcement appears as a matter of record only

New Issue

November, 1990

CITIZEN

CITIZEN WATCH CO., LTD.

U.S.\$200,000,000

4% PER CENT. NOTES DUE 1994 WITH WARRANTS

ISSUE PRICE 100 PER CENT.

The Nikko Securities Co., (Europe) Ltd.

Daiwa Europe Limited

DKB International Limited Kankaku (Europe) Limited

Bayerische Landesbank Girozentrale Nomura International

Bank of Tokyo Capital Markets Group

Barclays de Zoete Wedd Limited

Robert Fleming & Co. Limited

Lehman Brothers International Mitsui Taiyo Kobe International Limited

National Securities of Japan (Europe) Ltd.

Paribas Capital Markets Group

Sanyo International Limited

Société Générale

Tokyo Securities Co. (Europe) Limited

Mitsubishi Trust International Limited **Julius Baer International Limited** Bank of Yokohama (Europe) S.A. Baring Brothers & Co., Limited Goldman Sachs International Limited Merrill Lynch International Limited Morgan Stanley International New Japan Securities Europe Limited Saitama Finance International Limited J. Henry Schroder Wagg & Co. Limited Takugin Finance International Limited Wood Gundy Inc.

INTERNATIONAL CAPITAL MARKETS

BENCHMARK GOVERNMENT BONDS

103-08 86-24 84-19

08/00 101-13 + 06/32 8.53 08/20 100-27 + 09/32 8.67

8/99 84.0611 -0.365 7.91 7.84 03/00 93.5875 -0.411 7.57 7.51

9.000 10/00 99.5200 -0.300 9.08 8.98 9.01 11/95 95.3670 -0.143 10.22 10.13 10.29 03/00 89.1700 -0.260 10.34 10.20 10.48

10.500 03/01 98.0500 -0.350 10.81 10.97 11.27

9.250 11/00 100.1600 -0.120 9.22 9.16 9.06

13.000 07/00 101.2099 + 0.221 12.77 13.36 13.43

+0/32 11.49 11.59 -07/32 11.33 11.33 -09/32 10.97 10.94

US. LIK in 32nds., others in decimal

■ THE OUTLOOK for France

and economists were encouraged by the weak growth in

Technical Data/ATLAS Price Sources

11.79 11.36 10.93

Autumn Statement fails to provide clear direction

No 119 4.800 No 129 6.400

on short-covering after Mr

Yasuhiro Nakasone, former Japanese Prime Minister, said

traq might be willing to accept a United Nations peace plan.
Consumer credit rose \$3.0bn in September, above the \$2.1bn gain most analysts had expec-

ted. The August figure was revised up to \$3.1bn from previ-

ously reported increase of

The state of the US economy and the prospect of the Federal Reserve easing monetary policy continue to drive the long bond's movement. Yesterday afternoon, President Bush said

he was concerned about a

slowdown in the in the economy. "When the economy is

slow, you want growth incen-tives and I've got an agenda," he said. One key incentive is a

■ THE TONE in the German

bond market turned more pes-simistic yesterday on worries about the Gulf crisis and the

rise in oil prices. Bond inves-tors were still nervous about

lower capital gains tax.

By Deborah Hargreaves in London and Karen Zagor in New York

GILT-EDGED securities were little moved by the UK chancellor's Autumn Statement yes-terday which failed to provide any clear direction for the mar-

"The figures in the statement are more credible, but they aren't new, and the gov-ernment has lost a lot of credi-bility with the market in the past because of its wildly opti-mistic forecasts on the econ-omy," one UK economist said Investors had been expecting

the increase in the public sector borrowing requirement (PSBR), but the stronger figure had a beneficial effect on the bond market. Confirmation that the UK

economy is in recession and the low growth forecasts for the rest of this year and next year are encouraging to gilts But offsetting this good news was the statement that infla-tion had not reached its peak.

GOVERNMENT BONDS

The conflicting signals from the Autumn Statement saw glits futures prices rise while some key cash benchmark issues saw a drop in price. The long glits futures contract rallied from an opening level of 83.25 to 84.08 at its highest level, but fell back to 84 by the end of the day. end of the day. In the cash market, the 11%

per cent issue maturing in 2003/07 fell by à to 1022 to offer a yield of 11.41 per cent.

■ US TREASURIES traded in a narrowly mixed range yester-day morning as the market waited for the result of the final stage of the quarterly

the reassessment of Germany's public sector deficit by Mr Helmut Schlesinger of the Bundesbank on Wednesday which he put at DM140bn to DM150bn for next west more than DM20bn. final stage of the quarterly refunding — the Treasury's \$10.75bn 30-year bond auction — in the afternoon.

At mid-session, the Treasury's beliwether 30-year bond was unchanged at 100%, yielding 8.69 per cent after adding more than is earlier in the day. The two-year issue was unchanged to yield 7.64 per cent. next year, more than DM20bn higher than most economists' In addition, the release of German retail sales data yes-terday showed very strong growth in the year to September of 7.5 per cent, leading economists to point to the feed-ing through of east German The Federal Reserve did not

intervene in the open market yesterday morning. Fed funds were trading at 7½ per cent at the usual intervention time. The Fed's perceived target for the funds is 7% per cent.

The long-end of the yield curve firmed in the morning

an opening price of \$1.76 to \$1.61 and dealers expect the decline to continue. up even more.

and into the figure.

Negative sentiment saw bund futures drift down from

FT/AIBO INTERNATIONAL BOND SERVICE CORP TERMINE MERCHANISHES MANUAL TRANSPORT MANUAL M 44₆ -3₆ 444 47 797

* 14

Cestr. artice 2.55 1.64 3 155 1.654 801, 421, 422, 427, 1.91 488, 427, 1.91 37,49 827, 1.65 +19 10

Chicago exchanges near to

By Deborah Hargreaves

CHICAGO'S two main futures exchanges could finalise their agreement with Reuters on the Globex electronic trading sys-Globex electronic training sys-tem in the next 30 days, according to Mr Leo Melamed, chairman of the executive council of the Chicago Mercan-tile Exchange. This will pave the way for the much-delayed Globex to start up in the first

quarter of next year.

Reuters recently said there will be no delay to the start of Globex because of a hold-up to its Dealing 2000 project – the prototype for the futures sys-tem. Mr Melamed said he does not mind so much about a

aged by the weak growth in the money supply numbers which were released yesterday. For September, the money supply, which has been steadily declining, grew by 0.9 per cent as opposed to 1.4 per cent in August, pointing to very slow growth in the French economy.

This helped the government ing market. One of the problems holding complete a successful offering of FF7.2bn of bonds at its regular monthly auction. The sale included the offer of FFr2.6bn of the benchmark 8.5 per cent 10-year issue at an average

yield of 10.35 per cent. Traders said they saw some foreign interest in the auction, but most of the bids came from domestic sources.
Given the drop in the inflation rate in France, the spread between the Franch bond mar-

ket and German bunds has narrowed. Yesterday it reached 126 basis points, and econo-mists believe it has the potential to narrow further as France comes under pressure

■ IN JAPAN, the government bond market was quietly lower on renewed investor concern about the rise in oil prices. In addition, the market remains tied to the currency and fol-lows its fortunes closely.

As prices fell in Tokyo, the yield on the key 119 bond rose

to 7.87 per cent and increased even further to 7.91 per cent in London trading.

As the rate of overnight money remains high, traders believe the Bank of Japan would like to push bond yields

Globex deal

not mind so much about a delay as long as he is sure the system has been tested to its maximum capacity.

The exchanges have recently

completed the first round of testing on Globex which included 114 terminals in London, Chicago, New York and Tokyo. In December, more terminals will be included in the network and 60 days prior to the launch, the exchanges will test Glober with a mock trading worker.

up Dealing 2000 is Reuters' liability for broken trades — this does not affect the futures system since the clearing house will stand as the intermediary. In addition, the exchanges are setting up a Globex control centre which will be on call for 24 hours to sort out probns relating to the system. It will be able, for example, to remove individual bids and offers from the system if a par-ticipant calls in with a local problem.

Mr Molamed said that more the agreement between Ren-ters and Chicago's exchanges is complete, negotiations could re-open with other exchanges, looking to come on to the system. He believes the New York Mercantile Exchange will be the first to sign up, following France's Matif which has already joined the system.

Glober has encouraged Chi-

cago's two exchanges to work more closely together although officials from both exchanges pale at the sugges-tion of a full-blown merger. A committee has been set up to explore joint initiatives of which the most easily achiev-able will be a joint interna-tional marketing campaign and a link-up on technical

The more towards common clearing is much more complicated and will take more than a year to work out, Mr Melamed believes. In addition, the CME is talking to the Chi-cago Board of Trade about pos-sibly renting some of its extra trading space to the crowded CBOT.

CBOE may lose S&P products

By Barbara Durr In Chicago

THE Chicago Board Options Exchange (CBOE), the world's largest options market, faces the loss of its two most widely used products, the Standard & Poor's 100 and 500 stock index options, due to a legal dispute. S&P, owned by McGraw-Hill, filed a lawsuit on

Wednesday charging that the CBOE had "materially breached" its 1983 licensing agreement for use of the S&P indexes. The company asked the court to terminate its agreement with CBOE on 7

agreement with CBOE on 7
December.

As an alternative, S&P
asked the court to rule that
the licensing agreement does
not extend to financial instruments other than the
exchange's traded options
products agreed in 1983.

It is also seeking an injunction prohibiting the CBOE
from interfering with S&P's
licence activities.

The S&P 100 and 500 stock
index options are considered
the CBOE's lifeblood, accounting for 60 per cent of the
exchange's total volume.

The dispute is over the right
to market securities and debt
instruments that offer returns
based on movements in the
S&P indexe.

The CBOE claims it has that
right from the 1983 agreement,
S&P says it does not.

S&P says it does not.

The row came earlier this year after the CBOE threatened litigation over a \$110m issue of Danish bonds which were to pay interest in rela-tion to the S&P 500 index. The underwriters withdrew the offering because of the legal

dispute. S&P said because of the ser said because of the problem over Denmark's bonds the "CBOR has diminished and/or jeopardised Standard & Poor's rights in the indexes and service markets and has confused and misled the public".

As a result SER care to has

As a result, S&P says it has suffered severe harm to its reputation and impairment of its licensing business.

Four

buoyani new primary inter-markets standarii yas Market increased tensi and the est sign of totalling SP as However

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The bisses came from the SFr200ti Corporatios.
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commercial base Latin America: The unit 32 .. advice. linance : mergers and and Morgan's third " ing subsidiary and European efficie.

> The Fire in conjuncti

EQUITY GRO & SUB-SECT

FIXED INT

THE trickle of international companies raising subordinated debt in French francs could turn into a flood, follow-

tranes count infin into a flood, following a ruling by Freoch tax authorities which clears the way for cheap equity-type funding, writes Simon London.

The authorities ruled in early October that coupon payments made on repackaged perpetual floating-rate note issues could be treated as tax deductible Field not said to the country to the field of the country to the country to the field of the country to the country to the field of the country to the country t

ible. Until now such issues have had to be individually cleared by the tax

authorities. The blanket tax exemption has attracted a queue of potential new

Four Swiss franc deals liven sluggish trading

deal

The first of the f

1.25

2.2

AFTER several days of buoyant new issue activity, the primary international bond markets ground almost to a standstill yesterday.
Market participants cited

increased tensions in the Gulf and the lack of interest rate and currency swaps opportunities as the reason for the slow-

Once again, the Swiss franc bond market showed the greatest sign of life with four issues totalling SFr550m.

However, the fixed-rate sector continue to be dominated by triple-A rated borrowers in a market wary of deteriorating corporate credit quality.

The biggest deal of the day came from the World Bank, a SFr200m five-year issue, lead managed by Swiss Bank Corporation.

The paper carried a coupon of 7% per cent and was priced

Another issuer capitalising on the market's appetite for supra-national paper was the European Investment Bank, with a SFr100m offering via Union Bank of Switzerland.

Borrower US DOLLARS Kie Motors(b)†

SWISS FRANCS
World Bank(e)
Katokichi Co.(e) ***
Electriche de France(e)
European inv.Bank(d) ***

The six-year paper also car-ried a coupon of 7% per cent and was priced at 101%. At the longer maturity, Electricité de France came with an unusual 15-year SFr100m deal, with a French government guarantee, also through UBS. In the shadow of the Gulf crisis, most issuers have been

INTERNATIONAL BONDS

content to follow investors towards the shorter maturities. The paper carries a coupon of 7% per cent and was launched at 101%.

Both the World Bank and the European Investment bank deals were quoted at less 1% bid, just within full fees of 1%. The Electricité de France deal traded at less 21/4 bid. again just inside full fees of 2%

In the secondary market, buying of Eurodollar bonds appears to have picked up, par-ticularly at the longer end of the yield curve, where yield

NEW INTERNATIONAL BOND ISSUES

7%

By Stephen Fidier, Euromarkets Correspondent

J.P. MORGAN, the US commercial bank, is opening a

Latin American corporate finance group in London.

advice, finance and advice on

mergers and acquisitions, and expects to work closely with Morgan's third world debt trad-

ing subsidiary and the bank's

European offices. Mr Carlos Vázquez, who has transferred from New York to

head the three-strong group.

The unit will aim to provide

100

101%

JP Morgan moves offshoot to London

said the decision to move staff

to London was based on the

interest being shown by European companies in Latin America.

America was true in Mexico

and in some other countries, but in the continent's southern

with Europe were significantly

He said the common view that the US was the dominant business partner in Latin

1994

spreads have tightened by about 5 basis points this week However, a marked improve ment has only been seen in top-quality sovereign and agency names, and in bench-mark issues.

Although some corporate issues are trading at historically wide spreads to equivaient US Treasury bonds, European investors are showing no interest in picking up cheap

However, some US funds have bought cheap Eurobonds, which has helped almost elimi-nate the yield differential between the US and the Eurobond market. • Chrysler, the US motor manufacturer, has securitised

\$1.3bn of automobile receivables in a bond issue in the US market through Merrill Lynch Capital Markets, Reuters reports from New York. They carried a coupon of 8.65 per cent and were priced to yield 8.743 per cent or 110 basis

points over the two-year Treasury note.
The securities have an average life of 1.82 years.

Bayerische L'bani

He said Morgan was already

involved with European part-ners in the privatisation of ENTel, the Argentine tele-

phone concern now being pri-

vatised, and was advising Banco Provincia of Argentina on a restructuring. Its other transactions include advising

PensiCo in its acquisition of

the Mexican snack food group

Gamesa and providing private placement financing for Tele-

15/11/2 Dalwa Europe

Fighting starts over futures pits' direction

The election campaign for a chairman of the Chicago Board of Trade, the world's largest futures exchange, began this week. The fight over where the ises to be exciting.
Faced with stiffening world

competition, the challenges of new technology and a poor public image, the CBOT needs strong leadership.

The two candidates, current chairman Mr William O'Connor and challenger Mr Patrick Arbor, a board member, offer strongly contracting visions of

strongly contrasting visions of the CBOT in the 1990s. Mr O'Connor has won the

recommendation of the CBOT's nominating committee, which endorses a slate of candidates for the exchange's top posts, although being officially nominated is no guarantee of vic-

A partner in a futures brokerage firm, O'Connor & Co, he represents the traditional and conservative leadership of the CBOT. He enjoys the advan-tages of incumbency, though he became chairman only last August after Mr Karsten "Cash" Mahlmann resigned in the wake of an embarrassing collapse of his firm Stotler.

He is a bluff, shrewd man, who started trading grain futures at the CBOT in 1955. He describes himself as "a floor man", though he had to give up the rough and tumble of the pits because of a partial loss of hearing.

Mr Arbor, and others con-tending for lesser posts will present petitions to be on the ballot.

The election, which is for two years instead of the usual

Barbara Durr examines the campaign to be chairman of the Chicago Board of Trade

William O'Conpor. the

scheduled for December 12. Mr Arbor, an avid mountain climber, is the "new thinking" andidate

Articulate and open to new ideas about how to operate the exchange, he is an independent trader who became a member of the CBOT in 1965. He has 13 years of experience in various CBOT posts,

including a three-year stint on

the board. The campaign issue is the exchange's pressing need for floor space, particularly for the US Treasury bond pit which is badly overcrowded. The exchange's plans to introduce new contracts such as insurance futures next year will fur-ther cramp an already brim-

ming trading floor. Mr O'Connor wants to avoid a new building which would require mortgaging the CBOT's current headquarters, which it owns. He prefers leasing or perhaps sharing an unused

Mercantile Exchange, or leas ing another unused trading floor at the nearby Chicago Board Options Exchange. However, Mr Arbor is less averse to mortgaging the building and acquiring space. He warns that the CBOT's 60-yearold trading room is ripe for a

New issuers queue for French tax exemption

ual notes and endows the funds to a trust, which holds the notes and uses a portion of the funds raised to purchase zero-coupon bonds. On maturity, usu-

ally after 15 years, the zero-coupon

bonds generate the money which meets

redemption payments.

The instrument is doubly advanta-

geous to French companies because they can account for the subordinated

Some overseas companies are also

ooking at the structure. In June, Cad-

bury Schweppes, the UK confectionery and soft drinks concern, raised

debt as an equity equivalent.

Six leading French companies are known to be in the process of syndicating issues or preparing the ground.

They include Moet Hennessy-Louis Vuitton, Accor, CMB Packaging and Legrand. These four issues are expected to be lead managed by J.P. Morgan, together with Crédit Lyonnais in the case of LVMH and with Banque Nationals de Paris for the Accor issue. The

ale de Paris for the Accor issue. The

total raised from these private place-ments could exceed FFr15bn, according

Under the repackaged FRN structure, the borrower issues nominally perpet-

breakdown and promises a building plan within six months of being elected. But he is also proposing other more revolutionary ideas on how to allow members to share in the "unrealised equity" of the CBOT building. He wants, for example, to explore schemes that would provide members some portion of the building's operating rev-

Regarding greater interna-tional competition, both candi-dates see the need to bring the CBOT closer to the CMS to present a more united front to the world.

Chicago is deeply worried about its decreasing world share of futures trading.
The two exchanges are working together on developing a hand-held trading card and will co-operate on the new after-hours electronic trading

system known as Globex, which is being developed by

But other areas of co-operation are being discussed by a joint CBOT-CME committee recently initiated by Mr O'Connor. These are far from merger discussion, although consolidation of clearing, elimination of duplication of foreign offices (saving as much as \$1m annually per office) and joining together for trading floor space



Patrick Arbor: the 'new thinking' candidate

Mr Arbor, while in agreement that all cost-reducing co-operative steps should be taken, says the possibility of a merger should be explored. This sounds like heresy to some who regard the CME as the CBOT's main rival. But Mr Arbor questions how long the two main US exchanges can remain fragmented given the

growing competitive threat from the Far East and Europe. Mr Arbor is also concerned about the fast changing nature of the financial markets and says: "We must adapt." One possibility is taking on the competition from off-exchange and hybrid products such as swaps and commodity options by creating the CBOT's own investment bank to trade in

This enterprise could generate earnings for members, he said. He would consider, too, creating satellite exchanges to trade in different time zones,

LONDON TRADED OPTIONS

ago were looking to buy are now having some serious second thoughts," said Mr Julian Bugaja of James Capel.

The December FT-SE 100 Index

Mr O'Connor says his emphasis will be on developing new futures products. He pledged the proposed new insurance contract would be launched with his full backing.

FFr1.6bn through a similar structure to fund its acquisition of Perrier's carbon-ated soft-drinks business. Although structured as a subordinated loan, rather than an issue of notes, the capi-

tal ranks as equity for Cadbury's French subsidiary, although not for the

Coupon payments, however, are deductible against French tax expo-

The biggest obstacle to further issu-

ance is finding international companies with a large enough tax bill against which the coupon costs can be offset.

UK parent company.

bouring doubts about the success of the Globex system, sup-port joining the CME in this project and other technological innovations. Neither believes Globex yet threatens open out-cry trading. Mr Arbor can take pride in the fact that he supported going in with Globex long before others. Negotiations between the with Reuters are well under

way.

The remaining big difference between the two candidates is how to repair the CBOT's besmirched image. The precipi-tous collapse of Stotler after running short of capital last July did not help the exchange, which saw 24 of its members indicted in 1989 following the undercover probe by the Federal Bureau of Investigation.

Mr O'Connor's first move as chairman was to create a new financial compliance committee that has the authority to tal and request information on capital from its parent firm, he says: "We cannot afford to have another Drexel or Sto-

e believes that the CBOT's silence during the indictments and Stotler scandals was wrong and helped foster the idea the exchange had something to hide. He says he will try to improve the exchange's image by being more open and

floor broker conducted a lerge

arbitrage trade, involving the March 2,425 calls and 2,525 puts.

Turnover in the US-style FT-SE options was swelled by a 2,500-lot trade executed by Barclays de

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

| FT-A | CTUA | RIE | 5 SH | ARE | IND | ICE | | | | |
|---|--------------|-----------------|------------------------------|------------------------------------|-------------------------------|----------------------------|--------------------|--------------------|--------------------|------------------|
| " The Financial Time in conjunction with the | | | | | | | | | | |
| EQUITY GROUPS | T | | y Nove | - | | | Wed Nov | Tue Nov | Mon Nov 5 | Year ago |
| & SUB-SECTIONS | | | Est | Gross | Est. | | | <u> </u> | | |
| igures in parentheses show number of stocks per section | Index No. | Day's Change | Farnings Yield% (Max.) | Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | ed adj. 1990 to date | lindex Jio. | leatex No. | index Mo. | Index Mo. |
| 1 CAPITAL GOODS (195) | . 681.58 | -0.6 | 16.11 | 6.99 | 7.58 | 33.01 | 685.92 | 689.68 | 684 91 | 886.3 |
| 2 Building Materials (26) | . 922.14 | -1.5 | 15.92 | 6.63 | 7.73 | 40.76 | 936.55 | 940.42 | 925.83 | |
| 3 Contracting, Construction (34) | . 1116.21 | -1.3 | 16.87 | 7.1B | 7,70 | 58.72 | 1130.89 | 1135.18 | 1120.08 | |
| 4 Electricals (10) | "TY\\A'An | -0.5 | 15.79 | 7.56 | 7.75 | 99,22 | 1789.30 | 1797.64 | 1770.15 | 2532.1 1942.1 |
| 5 Electronics (26) | . 155/53 | +0.4 | 10.69 17.33 | 5.51 6.29 | 12.81 | 58.75 17.27 | 1551.88 392.21 | 1563.57 398.50 | 401.45 | 1942 |
| 6 Engineering-Aerospace (8) | 344.45 | -0.6 | 17.23 | 7.49 | 6.98 | 17.45 | 346.54 | 346.81 | 348.06 | 8.0 |
| | 305.07 | -0.8 | 28.78 | 8.44 | 1.23 | 17.97 | 396.88 | 398.11 | 397.26 | 464 |
| 8) Metals and Metal Forming (8) 9) Motors (13) | 266 54 | +0.4 | 18.74 | 9.02 | 6.22 | 17 45 | 265.41 | 266 60 | 265.23 | 361 |
| O Other Industrial Materials (23) | 1112.35 | -0.5 | 15.13 | 7.33 | 7.64 | 60.96 | 1117.71 | 1123.97 | 1114.75 | 1649. |
| 1 CONSUMER CROSP () 78) | | -1.3 | 10.43 | 4,38 | 11.87 | 33.03 | 1184.69 | 1187.86 | | |
| 2 Remarks and Dietillers (22) | 11474.41 | -0.3 | 10.61 | 4.01 | 11.42 | 33.62 | 1479 48 | 1479 00 | 1476.95 | |
| 5 Food Manufacturing (19) 6 Food Retailing (16) 7 Health and Household (17) | . 975.91 | -1.2 | 11.97 | 3.02 | 10.29 | 28.13 | 987.41 | 992.84 | 986.92 | |
| 6 Food Retailing (16) | . 2219.43 | -1.9 | 9.42 | 3.34 | 13 84 | 52.68 | 2261.75 | | | |
| 7 Health and Household (17) | .12377.72 | -2.2 | 7.44 | 313 | 15.89 | 50.32 44.58 | 2431 86 1180 11 | 2428.46 1193.03 | | |
| 0 1 picura (32) | ALL LOSS | -0.7 | 12.78 | 5.55 7.30 | 9,47 | 23.79 | 479.56 | 476.58 | 475 05 | 532 |
| Packaging & Paper (12) Publishing & Printing (14) | 7012 1E | -0.5 -0.6 | 13 49 | 6.70 | 9.03 | 137.99 | 2831.01 | 2825.36 | 2840.56 | |
| 2 Publishing & Printing (14) | 703 19 | -1.5 | 11.15 | 4.67 | 11.69 | 23.86 | 804.91 | 804.03 | | 779 |
| 4 Stores (34) | 400 B4 | -0.2 | 14.60 | 8.68 | 8.68 | 25.55 | 409.47 | 410.31 | 409.45 | |
| 5(Textiles (12) 0 OTHER GROUPS (106) | 939.13 | -1.1 | 13.20 | 6.25 | 9.22 | 32.20 | 949.49 | 955.26 | 946_33 | |
| 1 America (15) | 908.46 | -2.6 | 11.73 | 3,67 | 10.32 | 22.70 | 932.34 | 943.97 | 952.77 | |
| 2 Chamicals (24) | 994.12 | -0.7 | 13 30 | 6.69 | 8 89 | 46.81 | 1001.18 | | 998.82 | |
| | | -1.2 | 13,70 | 8.13 | 8.75 | 38.53 | 1245 44 | | 1243.58 | |
| 4 Transport (14) | . 1781.22 | -1.6 | 11 63 | 5.89 | 9,29 | 67.29 | 1809.50 | 1811.72 1056.95 | 1795.27 1039.12 | 2142 1063 |
| 6 Telephone Networks(3) | 1046.64 | -0.7 | 12.69 | 5.22 6.98 | 10.26 7.58 | 26.09 68.12 | 1053.63 1947.20 | | | 0. |
| 3 Constomerates (14) 4 Transport (14) 6 Telephone Networks(3) 7 Water(10) | . 11939.55 | -0.4 -1.6 | 12.65 | 6.10 | 9.18 | 62.06 | 1502.70 | 1519.53 | | |
| 8 M KCelianeous (20) | "OLTAIN TO | -1.1 | 12.51 | 5.51 | 9.81 | 33.79 | 989.89 | 994.16 | 986.94 | _ |
| 9 INDUSTRIAL GROUP (479) | 4/4.15 | | | 5.50 | 13.26 | 85.44 | 2294,26 | 2309.03 | | |
| 1 Oil & Gas (21) | 2270.29 | -1.0 | 9.85 | | | | 1096.54 | | 1094,43 | _ |
| o) 500 SHARE INDEX (500) | 1084.72 | -1.1 | 12.09 | 5.51 | 10,23 | 37.98 | | | 665.48 | 77b |
| I ETHANCIAL GROUP (103) | 672,04 | -0.6 | | 7.09 | 210 | 33.16 42.00 | 676.73 715.64 | 677.33 713.61 | | |
| O Danks (D) | J /UY.YU! | -0.8 | 23.04 | 6.16 | 5.68 | | 1265.74 | | | |
| E Leavenne de Mol (7) | | -1.5 -1.0 | - | 7.50 | | 32.08 | | | | |
| 4.] Inguesyre (Composité) (b) | 3/4.44 | -0.5 | 8 44 | 7.22 | 15.52 | 41.94 | 895.00 | 880.99 | 881.52 | 1092 |
| 7 Insurance (Brokers) (8) | 342.90 | -0.5 | | 5.97 | | 12.75 | 345.79 | 346.69 | 344.99 | 423. |
| 8 Merchant Banks (7) | 927.43 | +0.9 | 7,90 | 5.26 | 16 71 | 27.11 | 919.52 | 925.07 | 909.73 | |
| 9 Property (45) 0 Other Financia! (21) | 244.10 | +0.2 | 11.58 | 7.39 | 11.09 | 12.21 | 243.52 | 243,05 | 242.38 | 321 |
| Titowana - and Touris (70) | 982.08 | -16 | - 1 | 4.08 | - | 27.18 | 998.41 | 1004.18 | 1001.43 | 1202. |
| | 1050.59 | -0.6 | 13.62 | 8.79 | 8.75 | 69.98 | 1056.67 | 1061.50 | 1045.59 | |
| 1 Overseas Traders (5) 9 ALL-SHARE INDEX (678) | 983.53 | -1.0 | - | 5.71 | - | 36 43 | 993.66 | 997.79 | 989.77 | 1108 |
| 9 ALL-SHAKE INVEX (0/0/ | | Day's | Day's | Day's | Hov | Nor | Hor | Nor | Ner | Yes |
| | index No. | Change | High (a) | Form (p) | 7 | 6 | 3 | 2 | 1 | 290 |
| FT-SE 100 SHARE INDEX | 2036.2 | -23.0 | | | _ | | | | 2028.0 | |

| FIXED INTEREST | | | | | AVERAGE GRESS REDEMPTION YIELDS | | | Thu Nov 8 | Wed Nov 7 | Year ago | |
|------------------|--|----------------------------------|--|------------------|---|----------------------------------|---|-------------------------|---|--|---|
| PRICE IMBICES | 77nu Now 8 | Day's change | Wed Nor 7 | xd adj. today | xd adj. 1990 to date | 1 2 3 | Low 5 years Coupons 15 years 25 years | | 10.42 10.86 10.89 | 10.42 10.79 10.81 | 9.89 9.62 9.53 |
| 2 5-15 years | 118.49 123.31 123.15 138.70 123.53 157.00 141 15 | -0.22 -0.36 -0.14 -0.16 | 118.51 123.58 123.50 138.90 123.72 | 11111 | 10.71 11.95 10.78 13.46 11.55 3.04 3.45 | 67 89 10 11 12 13 | Compose 15 years 25 years 25 years Compose 15 years 25 years Investmable Index-Linked Inflation rate 5% Up Inflation rate 5% Up Inflation rate 10% Up | to Syrs | 11.41 11.28 11.18 11.51 11.40 11.45 10.99 | 11.37 11.23 11.13 11.48 11.49 10.97 3.67 4.27 2.48 4.10 | 10.96 9.99 9.64 11.09 10.19 9.58 3.59 3.61 2.78 |
| | 142.23 | +0.09 | 142.10 101.75 | - - | 3 42 9.69 | 15 | Details 5 | years years years | 13.35 12.86 12.50 | 13.50 12.89 12.48 | 13.76 12.31 11.90 |
| O Preference | 72.78 | +0.41 | 72.48 m 2041 8 | . 13 am 2 | 5.84 040.6; No | 18 | Preference | 2032.5; 2 | 13,01 30 pm 203 anges are d | 13.06 32.3; 3 pm sublished i | 2033.6; |

RENEWED WORRIES that recent statements by political leaders in the UK and the US could soon be LONDON RECENT ISSUES Island Police Public Rengant 1990 Public III Dazz Hogis Low Met. Div obrahant Resource Ci. Frista Grown Ja. Whole JF Frespoint Jan. Whole obtain Jun de January Zing de January Zing de January Zing de January Zing Smaller Can. Inv. Nat Sup Do. Warrants de Standard Pintform 100. FIXED INTEREST STOCKS Arrount Pald III) Date: 102) 121) 121) 120) 120) 2879 RIGHTS OFFERS Classing Price p Pand Up Date: 10pm 10pm 1;pm 1;pm 2pm 2pm TRADITIONAL OPTIONS Last Dealings Calls in Erskine House, worning West, Monamond Off & Gas and Themes TV.

the DR and the US could soon be followed by conflict in the Guif depressed equity futures yester-day. In the options market there were signs that institutions were house sold tutures and bought stock. December closed at 2,050, down 39 points. Its premium over the cash index narrowed to 14 looking to hedge themselves against any possible large stock-merket decline.

In addition to the nervousness points from 31 and compared with fair value of 25.
In the traded options market. pointment that the UK govern-ment appeared to dampening in the traced opports market, institutions were interested in hedging themselves against a decline in the FT-SE index to around 1,850, dealers said. There was active dealing in the FT-SE index options. In Euro FT-SE, a expectations of an early cut in interest rates. Some technical analysis also said the UK equity CALLS PUTS Jan Apr Jul Jan Apr Jul 420 - 43 57 - 19 25 280 27 32 35 12 30 23 380 14 22 25 20 30 35 380 4 10 17 43 25 40 500 40 86 103 550 42 55 72 400 18 32 46 140 20 23 28 1 4 7 160 2½ 12 18 6 14 16 R.T.Z. P406) 390 20 44 50 4 17 27 420 5 27 34 18 32 44 469 67 83 92 4 9 13 590 36 57 65 15 20 28 550 14 31 36 47 50 52 Thames Water 230 9 19 -(*236) 240 3 12 21 Water Mag Pig 2200 50 170 - 40 110 -CE22250 2250 - 35 140 - 70 140 Nor Jan Nor Jan Nec Feb Apr Dec Feb Apr ber Har dan Der Har Jan ويرو

Zoete Wedd, which involved three call and two put series. The deal assumed the FT-SE index would trade between 1,743 and 2,257 and was known as a "Krakatoa-Mae West," said Mr Tony Norman of BZW. Among stock options, STC was com's 327p a share bid. One broker bought 700 January 300 calls in an active Iwo-way market. Other busy stocks were GEC CALLS PUTS
Dec Not Jan Dec Nor Jan

* Premiums shown for closing business only. November 8, Total Contracts 43,515 Calle 20,288 Pres 23,227 FT-SE Index Calls 4,062 Parts 8,325

SB at £634m and expects strong fourth quarter

SMITHKLINE BEECHAM, the Anglo-American drugs and consumer products group, pushed up pre-tax profits by 30 per cent in the third quarter to £218m.

The company - formed last year through the merger of SmithKline Beckman of the US and Beecham of the UK - was succeeding in cutting costs and improving margins though its restructuring programme, said Mr Bob Bauman, chief execu-

The results for the first nine months showed pre-tax profits up 8 per cent to £634m, on sales of £3.4bn (£3.1bn). Mr Bauman forecast "strong performance in the fourth quarter; the full-year results should be in line

Analysts expect pre-tax profits of about £850m for 1990,

compared with a pro-forma £724m for the partially merged companies in 1989. Looking further ahead. Mr Peter Laing of Société Générale Strauss Turnbull expects about £1.09bn in 1991 and 17 per cent compound growth in pre-tax profits during the early 1990s.

The shares have performed strongly over the last three months, following signals from the company that the merger is working. Last night they closed down 30p at 559p.

The results announced yesterday showed a reassuring reduction in the heavy debt taken on to finance the merger. Net debt fell from £822m to 2652m during the third quarter - partly as a result of cash metics and consumer goods businesses earlier in the year.

Interest paid was only £13m (£39m). Mr Bauman said gear-ing would be below 100 per cent at the end of the

Sales from continuing operations fell 3 per cent in the third quarter to £1.1bn, as a result of the weak dollar. On a constant exchange rate basis, sales were up 4 per cent. Some analysts were disap-

pointed that turnover had not risen more strongly - particu-larly that sales of the anti-ulcer drug Tagamet were down 12 per cent. The company explained the decline in terms of exceptional factors in the US pharmaceutical market which had made the third quarter of 1989 unusually strong.

The dividend for the third

quarter was unchanged at 3.4p.

Polly Peck administrators and DTI in preliminary meeting

THE ADMINISTRATORS at Polly Peck International will meet the Department of Trade & Industry today, but they are not expected to ask for the immediate appointment of DTI inspectors to investigate the

Two of the administrators, Mr Michael Jordan of Coopers & Lybrand Deloitte and Mr Christopher Morris of Touche Ross, will meet Mr Grahame Harp, the recently appointed head of company investiga-tions at the DTL

"It's only a preliminary meeting," Mr Jordan said yes-terday. The administrators had not uncovered new evidence which had prompted the meeting, and were not proposing to ask for un immediate DTI investig: .on, he said.

Asket why it was taking place, he added: "They said they would like to have a meet-

an immediate DTI inquiry is the desire not to muddy the waters while the administrators are still trying to locate and secure Polly Peck assets and the Serious Fraud Office continues its own investiga-

The third administrator, Mr Richard Stone of Coopers, flew to northern Cyprus yesterday to begin efforts to persuade local authorities to lift an injunction which prohibits Polly Peck's local subsidiaries from divulging any informa-tion to outsiders.

Mr Stone went to Cyprus without Mr Asil Nadir, who had said earlier in the week that he wanted to accompany

The Polly Peck chairman is staying in London to prepare for next Tuesday's hearing on a bankruptcy petition brought against him by Barclays de Zoete Wedd, which is sup-ported by Lehman Brothers international. The stockbroker payment of a total of £22.1m for purchases of Polly Peck shares before the company's

The administrators believe that they are close to breaking the deadlock in the eastern Mediterranean which has kept them locked out of Polly Peck's main operations in the area. They expect to gain access by early next week to Meyna,

vegetable processor and exporter and one of the biggest contributors to Polly Peck's reported profits.
Mr David Kidd of Cameron
Markby Hewitt, the solicitors

the Turkish-based fruit and

working with Coopers, went to Cyprus with Mr Stone. The firm's Mr John White said yesterday: "If they read the climate as being favourable, they will try to get the injunction lifted." Commenting on the fact that

the citrus fruit crops on the island would soon become ready for export, and that the administrators control Polly Peck's distribution and nurketing arms, Mr Jordan said: "We need one another. They have the fruit, and we have the mar-

The administrators hope to announce next week the members of a co-ordinating committee to include representatives of bank creditors, bondholders and institutional investors. They are also considering offers for Russell Hobbs Tower, the UK small domestic appliances manufacturer, which is the only Polly Peck subsidiary for sale at present.

By Steven Butler

Storehouse By Maggie Urry

Bad news

outweighs

the good at

STOREHOUSE, the BhS, Mothercare and Habitat retuil group, produced one good and one nasty surprise yesterday with interim results for the 24 weeks to mid-September. Between the two, profits before exceptional items were

much as expected at £3.1m. However, the bad news out-weighed the good, and ana-lysts cut profit forecasts for the current and next financial year. The shares fell 9p to

Total sales were £540.1m (£535m) but were 4 per cent up excluding closures and dispos-als. The interim dividend is

unchanged at 2.5p.
The good news came from
BhS where operating profits
rose to £7.1m (£2.2m), on sales

of £263.5m (£237.2m).

The bad news was that losses at Habitat, the home furnishings business, mounted from £2.4m to £9.1m on sales of £91.7m (£98m). Mothercare UK's profits fell from £5.5m to £3.4m.

O COMMENT

Before yesterday's fall, Store-house's shares had outper-formed the market by 33 per cent since it cut its final dividend at the end of May. Hopes for recovery had run too far ahead of events, perhaps, and the group was always vulnera-ble to a delay in turning some part of the business round. In the event the disappointment was Habitat. It would be wrong to lose sight of the good work Storehouse has done. It took advantage of good mar-kets to make disposals last year, unlike some retailers, and the balance sheet could hardly be in better shape. BhS is doing well, though it will

soon run up against strong comparable figures. Aside from the sudden departure of the finance director, the man-agement has been strengthened. If the pre-exceptional profit is £35m this year against £32.6m, the p/e is around 21% and an unchanged dividend of 5p would give a yield of 5.4 per cent. That rating is looking to a profits between which was take looken. The Daily Telegraph's building at South Quay, across the water from Canary Wherf, for an undisclosed sum. The Telegraph is moving to the 50 sto-rey tower at Canary Wharf bounce which may take longer to achieve than was earlier hoped.

Royal Dutch/Shell falls 28% to £480m

Exploration and production

earnings were buoyed by the

rises in crude oil prices caused by the Gulf crisis, and posted a

72 per cent increase to £420m

compared with a year ago. Crude oil production fell by 6

per cent to 1.81m barrels a day,

while gas volumes rose by 5 per cent to 4.82bn cu ft a day. The decline in volumes was

caused by maintenance and

safety programmes which led to the shutdown of production

facilities, amounting to a loss of 100,000 b/d in the UK.

production was expected to rise in the fourth quarter and

that the final quarter would

also be boosted by a seasonal

26 per cent to £748m. Higher oil prices contributed

£471m in stock gains, underpin-

THE ROYAL Dutch/Shell group yesterday reported a 28 per cent decline in third-quarter profits from £667m to £480m after tax on a replacement cost basis. This accounting convention eliminates fluctuations in the value of oil stocks and is seen to offer a better guide to the underlying performance.
On a historical cost basis.

Shell reported a 68 per cent increase in post-tax profits to £1.09bn, of which £614m is inventory gain. These profits would turn into losses should oil prices decline. On a replacement cost basis

Shell's earnings fell by 24 per cent to £2.05bn in the first nine months of the year.

By David Thomas, Resources Editor BRITISH PETROLEUM's third-quarter results were hit by delays in passing through higher oil prices to customers,

but the company hopes for a rebound in the fourth quarter. "It will come through later on. But right now, we haven't made too much out of oil price rises," said Mr David Simon, BP's deputy chairman. He estimated that there was

a lag of about a month between a price rise in crude oil and the full increase feeding through to most of BP's customers.

He was speaking after BP revealed a 61 per cent decline from £264m to £103m in aftertax profits for the quarter ending September on a replace-ment cost basis. The decline for the first three quarters was

Telegraph pays

a special 12p

The Daily Telegraph yesterday announced a special dividend of 12p as a result of the extraordinary profit stemming from its planned move to Canary Wharf, the office complex being built in London's Docklands, writes Vanesse In July Olympia & York, the privately-owned developer of Canary Wharf, agreed to buy ning a surge to £822m (£21im) in after tax historical cost prof-its for the third quarter. On the same basis, profits fell by 6 per cent to £1.22bn for the first three quarters.

BP maintained the dividend

at the second quarter level of of 3.95p (3.65p), resulting in an 8 per cent rise for the first three quarters to 11.85p (10.95p). Some analysts had been

expecting a dividend increase, but Mr Simon defended the policy as sensible in view of oil price volatility.

Mr Simon pointed to the high tax charge of £249m (£98m) as a factor reducing

some of the gains from the

rise in natural gas sales and

any gas price rises. Refining

and marketing were hit sharply in spite of a 3 per cent increase in product sales vol-

umes. On a replacement cost basis, profits fell from £310m to

£110m as a result of lower mar-

gins. Increases in selling prices failed to keep pace with the rising cost of supply. In the US refining and marketing profits plummeted from 567m to 56m.

Shall said that while many

Shell said that while mar-

gins for sophisticated refineries

countries cost could not be

passed through to consumers. The current volatility made

downstream operations diffi-

were strong, in a number of

higher oil prices.
Delays in passing through higher oil costs were also behind the sharp decline in the chemicals business operating profit to £20m (£112m). Mr Simon said marketing

margins were depressed for similar reasons, although high refining margins boosted profit in the combined refining and marketing business to £248m Higher oil prices helped to

offset lower output in the third quarter, with profits in explo-ration and production up marginally at £341m (£334m). BP's third quarter output fell

to 1.23m barrels a day (1.43m b/ d), due to maintenance work on the facilities in the North

Price rise benefit delay leaves BP 61% down Sea and development work in Alaska. The company expects to be able to add about 100,000 b/d of output to its total in the

Chemicals earnings fell by

BELLWAY, to

pre-(à.X (£17 0221.)

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By Andrew Bolger

BURMAH CASTS

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274m to £121m as a result of the rapid rises in the cost of

chemicals feedstocks, particularly naphtha and gasoil.

Shell's coal business saw a fall in profits from £12m. Shell's corporate charge in the third quarter forms.

rose in the third quarter from \$115m to \$168m, reflecting a lower level of interest income and higher interest expenses.

The results were also hit by

currency losses amounting to £78m, although this was an

improvement over the £10km posted in the third quarter of

Shell's cashflow rose in £4.6bn (£4.8bn). Total debt rose by £300m to £5.9bn.

fourth quarter. In the first nine months, the interest charge fell to £496m (£576m), reflecting lower debt following divestments. Mr Simon said the need to

maintain stocks at higher price hamanian sucas at light pre-levels had increased working capital by about £900m, offset-ting stock holding gains.

The company warned that the pound's strength against the dollar, if maintained;

would adversely affect results when translated. Earnings per share for the

third quarter were 15.4p (4.2p) and 22.8p (23.5p) for the first

Goodman action adjourned

THE HIGH Court in Belfast yesterday adjourned until November 15 an action taken by Banco Bilbao Vizcaya to liquldate companies of the trou-bled Goodman group in England, Northern Ireland and

Scotland, writes Kieran Cooke Banco Bilbao is owed I£10.7m by Goodman International, Ireland and Europe's biggest beef processor and exporter. Altogether 38 banks are owed 12470m by Goodman, plus an additional 12180m in various bank guarantees.

Banco Bilbao is seeking to wind up Goodman's UK operations and in the process recover some of its loans. The action by the Spanish bank is causing concern to Mr Peter Fitzpatrick, the examiner appointed by the Irish courts, who last week put forward a rescue plan for Goodman's core

At the beginning of Septem ber Mr Fitzpatrick succeeded in having the assets of Good-man's UK operations transferred to Ireland-registered companies, thus bringing them under the protection of the Dublin High Court. Mr Fitzpatrick has until the

end of the year to agree a rescue plan with Goodman's creditors. Without agreement, Goodman will be liquidated.

Thyssen agrees bid for Davies & Metcalfe

Thyssen Industrie Group, the German manufacturer which is the largest shareholder in Davies & Metcalie, has agreed an £18.3m cash bid for the mechanical engineer.

mechanical engineer.

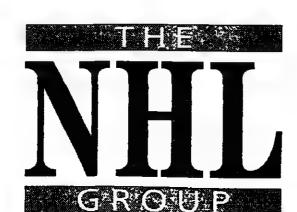
The offer, announced after the market closed, is 275p in cash for each ordinary share and 265p in cash for each 'A' share — about 25 per car, above the share price before Monday's announcement. Monday's announcement of bid talks. Yesterday, both classes of

stock were unchanged at 270p and 250p respectively.

| GROUP RESULTS | 1990 | 1989 Restated |
|---|--------|---------------|
| TOTAL OPERATING INCOME | 59.2M | 53.8M |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 30.24 | 33.6M |
| EARNINGS PER SHARE | 15.6P | 15.2P |
| TOTAL DIVIDEND PER SHARE | 9.0P | 8.0P |
| TOTAL ASSETS AT YEAR END | 2,473M | 2,379M |
| TOTAL ASSETS UNDER MANAGEMENT | 3,2994 | 2,849M |

461 am pleased to report earnings growth for The NHL Group in what has proved to be a difficult year for most of the business world. This achievement derives from the basic strength of our housing finance operation and also the promising performance of the new businesses which were started last year. >> John Dorby, CHAIRMAN

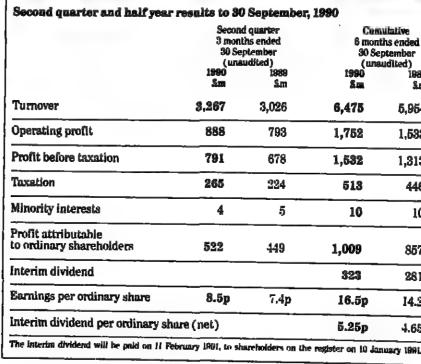
66The financial services market will improve when interest rates fall. We are strategically placed to take advantage of this, by using our skills in distributing financial products that meet the customers' needs." Kevin Milner, CHIEF EXECUTIVE



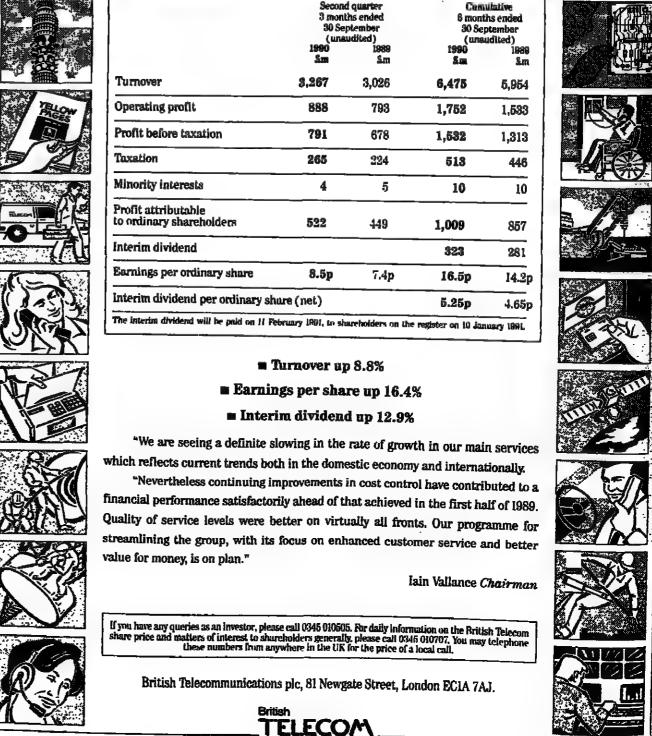
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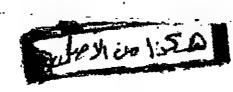
Mate: This summary of results does not constitute "full accounts" within the meaning of the Companies Act 1985. The full accounts for National Home Laans Holdings PLC for the year ended 30th September 1990 are unaudited. A copy of the 1990 Report and Accounts will be sent to shareholders by 12th December 1990.





TELECOM It's you we answer to







Worms at the heart of the paper group?

UK COMPANY NEWS

Provision cuts Bellway to £11m

BELLWAY, the Tyneside-based housebuilder, is proposing to maintain its dividend for the year to end-July after slightly increasing profits before exceptional items for the period from £18.05m to £18.25m.

However, a £7.14m exceptional provision against its land bank in the south of England reduced profits at the pre-tay lovel pre-tax level to £11.11m

On maintained unit sales, turnover edged up to £126.23m (£118.13m). But the company suffered an erosion of margins during the second half as conditions in the housing market worsened. A same-again final dividend of 7p makes an 11p total Farmings fells. total. Earnings fell to 20.5p (41.2p). Mr Alan Robson, finance

director, said Bellway was in a strong financial position with no borrowings and £3.7m cash

Mr Kenneth Bell, chairman, said the north-east business made an "outstanding contribution" but in the south, sales "have been and will continue to be poor." He said that owing to the length of the development cycle, margins would remain low for the current year even if there were a sud-den resurgence in buyer confi-

COMMENT

With these results Bellway added its voice to the chorus proclaiming it will be a very long, hard slog through to the next upture in the house building highest Religious Second forward to the next turn in the cycle.

ing business. Bellway's secondhalf margins, comparing profits before exceptional charges with sales, fell by 5 percentage points and the company is not expecting any improvement on this for the current year while it is also factoring in lower turnover. Even without a further above the line provision, pre-tax profits may be no big-ger than this year's, putting the shares on a prospective p/e of about 8.5. That may not look particularly cheap for the sector but Bellway has many strengths. Chief among these is its balance sheet but it also boasts an attractive geographical spread - making a good kind of share for those looking

Foseco 'has lost its way' says Burmah bid paper

By Andrew Bolger

BURMAH CASTROL, the lubricants, fuels and chemicals group, yesterday described as dismal the investment and profits performance of Foseco, the UK speciality chemicals and abrasives producer for which it is making a hostile bid of £236.8m

In its formal offer document Burmah said that the cash offer of 275p per share was generous in the light of Foseco's poor prospects. Foseco shares yesterday were unchanged at 278p, suggesting that a higher offer is likely to be necessary to win control. Burman shares

closed 16p lower at 444p.
Mr Lawrence Urquhart,
chairman and chief executive independent company has lost its way. In spite of expensive restructurings, Foseco has failed to deliver to its share-holders, and its prospects

子のこれる人をはありない

under current management remain poor."

Foseco responded: "Burmah's arguments are largely based on highly selective extracts from Foseco's accounts. As most of them are out of the archives, they have little or no relevance to the value of Foseco today. "The Burmah offer is a

totally unconvincing attempt to deprive Foseco shareholders of the future benefits of their shareholdings at a price that owes everything to short-term political and economic circum-stances."

Burmah said that during the 1980s, Foseco's results had been disappointing and its performance as an investment poor. Adjusted for inflation, Poseco shareholders had lost 39 per cent of the value of their investment in the last 10 years and 32 per cent in the last five.

John Thornhill on who would control the merged WTA/Arjomari

ESTERDAY'S proposed merger between Wiggins Teape Appleton of the UK and Arjomari-Prioux of France had analysts on both sides of the Channel scratching their heads and reading the fine print in an effort to work out the implications of the complex deal.

"Who ate whom? It is not easy to tell," said Mr Alain Kerfourn, analyst at Paris stockbroker Sellier. On the face of it, it appeared

that WTA was the dominant player as it would swallow Arjomari assets and take effec-tive management control of the combined business. And it would do so at considerably less cost than if it had launched a full takeover bid. But a closer reading of the financial structuring of the deal suggested to many that Arjomari and, in particular, its controlling shareholder, Saint Louis, and in turn its controlling shareholder, Worms et Compagnie, would emerge as the dominant figures in the the dominant figures in the new venture, even if they remained in the background. The WTA management would be very much in control of the day-to-day running of the company but to what extent the various French com-

panies would exercise influence behind the scenes remained unclear. Whatever the gloss put on the financial aspects of the deal, analysts were agreed that the merger had undoubted industrial benefits and would neatly solve WTA's strategic uncertainties which were cre-ated at the time of its demerger from BAT Industries earlier

At that time WTA believed it was caught on the horns of a strategic dilemma: it was too small to be a big commodity player in the paper industry and too big to be a small niche

"When we were demerged from BAT we sat down and discussed how we were going to survive in our pond. We could either have gone after the big fish in newsprint or we could focus on the high value-added sectors and become a big fish ourselves," Mr Stephen Walls, WTA's chief executive, said yesterday. The link-up with Arjomari

will now enable WTA to concentrate on this high val-ue-added end of the paper market which has also proved to be the highest growth sector of the industry.

In terms of product mix, the benefits of the merger are

WTA's strengths in carbonless and thermal papers and business stationery will fit snugly with Arjomari's suc-cesses in the fields of coated, fine and industrial papers. But in geographical terms as

well, the two businesses will complement each other. WTA's strong presence in the UK, French and Belgian markets will bolster Arjomari's businesses in these markets, and the combined group will also gain a good position in the Netherlands, Italy and Spain. Furthermore, WTA will now have the ability to market Arjomari's products in North America

America.
"It is a quite remarkable fit,"

European paper companies

Stora/Feldmuhle

SCA/Reedoack

(Sbri) 0 2 4 6 : Pulp and Paper International

The merger will give the combined company a unique profile within the paper industry as it will firmly entrench the business in the merchanting and distribution ends of the market

Most of the other big European paper companies are clus-tered closer to the commodity end of the market.

Mr Walls believes that merchanting will become vital for the future of the industry. "Merchanting is an absolutely

crucial activity with almost two-thirds of the industry in the hands of the paper manu-facturers," he said.

WTA estimates that the total paper merchanting market in the EC is worth about 196bn and believes that after the deal it will account for about £1bn of this. The next biggest player - Stora-Feldmuhle - would

"Most of the other major Most of the other major players in Europe are going to feel very uncomfortable about this deal," Mr Walls said.

It is still possible that WTA's competitors will feel so uncomfortable that they may intervene to break up the proposed

have about 10 per cent of the

party. Ever since its demerger, WTA has been seen as a possi-ble takeover candidate and this latest move may flush out such

a predator. The deal may also encounter difficulties in winning share-holder approval especially if Wiggins Teape's shareholders are unclear of the extent of the

management's autonomy.

And it will also have to be approved by the regulatory authorities in Brussels, although WTA seems fairly confident that this will not

present a problem.

Mr Walls, at least, was in no doubt as to the benefits of the deal yesterday. "It creates an extremely powerful grouping which will be able to compete on a world scale," he said gleefully.

National Home Loans falls to £30m

By David Waller and David Barchard

NATIONAL HOME Loans Corporation, the mortgage lender, yesterday announced a fall in pre-tax profits from £33.58m to £30.25m in the year to September 30, but managed to increase fully diluted earn-

ings per share by a fraction, from 14p to 14.1p.

Mr John Darby, the chairman, said that 1989-90 had been a difficult year, but the earnings increase was encouraging. As an expression of confidence, the final dividend is 5.25p

the final dividend is 5.25p (4.74p), making a total of 9p (8p) for the year.
Housing finance, by far the biggest area of group operations, was hit on three fronts. First, demand for mortgages was knocked because of

high interest rates; advances were just under £900m against £1.5bm for 1998-89.

Second, margins on the lending side were squeezed. As a result, net interest income fall from £44.7m to £39.2m.
The third factor was an

increase in arrears and provisions for bad debt. The company would not give detailed figures, but said that the number of people who were more than one month in arrears had risen by 60 per cent; the write-off due to repossessions wan 2379,000.

Pre-tax profits from housing finance were £29.3m, of which £15.3m (before operating expense of £9.5m) was earned from fees rather than from

interest rate differentials. Contributions from new businesses were: oleasing, £646,000; business loans, £766,000; consumer loans, £1.31m.

The diversification into leasing produced allowances which reduced the effective tax rate to 22.3 per cent. Earnings moved from 15.2p to 15.8p.

* COMMENT

If nothing else, 1990 seems to have proved that NHL can stand on its own feet even in a bad year. Given that the housing market has been sunk in its worst depression since the end of World War Two, these results look fairly resilient, with the group more or less able to maintain its profitabil-

ity and also to improve its net earnings per share, even if the latter was mainly achieved through a tax charge adjust-ment. The sharp drop in lend-ing for housing finance has been offset largely by earnings on early redemption penalties; indicating perhaps that these can function as stabilisers for mortages businesses in hard mortgage businesses in hard times. Last month's interest market begins to recover. The growth in the dividend has been achieved though at the rates cut should help as the been achieved though at the cost of a fall in dividend cover from 188 per cent to 1.73. 1991 is not going to be an easy year for any mortgage lender, but NHL looks better positioned

Stanhope assets rise 33% but profits slip to £15m

By Vanssa Houlder, Property Correspondent

SHARES OF Stanhope Properties jumped 10p to 98p yesterday after the company announced a 33 per cent increase in its net assets from 2344.7m to £457.7m for the year

to June 30. At the operating level the USM-quoted developer, which is involved in several of the blowest developments in Yan biggest developments in Lon-don, ran up a loss of £6.03m compared with previous profits of £360,000. Interest income of £22m (£16.48m) left the pre-tax figure little changed at £15m (£15.6m). Turnover totalled £33.37m (£3.95m)

The assets growth, which bucks the general trend of fall-ing property values in London, was ascribed to properties at Grays Inn Road, Red Lion Square, Stockley Park and

It also reflected the first val-uation of phases 7 and 11 of the Broadgate Development, which it has developed in partnership with Rosehaugh, the property group headed by Mr Godfrey Bradman

The breakdown of negotia-tions with LDDC on a 300 acre site in the Royal Docks at the eastern end of Docklands resulted in a 59.4m write-off in

its joint venture, Rosehaugh Stanhope Developments. Mr Stuart Lipton, chief executive, said that although the next 18 months would not be easy, he viewed the future with confidence because of Stanhope's competitive strengths.
Earnings per share fell from
6.63p to 4.94p. The final divi-dend was maintained at 0.1p

Leading Leisure was close to rescue, says chief

By Andrew Hill

MR BARRY Malizia, chairman and chief executive of Lead-ing Leisure, claimed last night the group had been close to agreeing a rescue deal with another company when administrative receivers were

Mr Peter Padmore and Mr Ryan Densham of Price Waterhouse were called in yesterday at the Third Market company, apparently at the request of Lloyds Bank, but Mr Malizia said: "We obviously fought the decision. We didn't invite the receivers in: we had a game-plan which we thought was far more benefi-

cial than anything the receivers might propose."

The receivers hope to sell Leading Leisure's interests as going concerns.

But Mr Densham said he would entertain offers from anyone wanting to buy the whole group, an avenue Mr Malizia was exploring earlier this year.

Standard & Chartered

Standard Chartered PLC

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Floating Rate Notes (Series 2) In accordance with the provisions of the Notes, notice is hereby given that for the six months period (181 days) from 9th November, 1990 to 9th May, 1991, the Notes will

carry interest at the rate of 85/16 per cent. per annum.

The interest payment date will be 9th May, 1991. Payment, which will amount to US\$417.93 per US\$10,000 Note and US\$2,089.67 per US\$50,000 Note, will be made against surrender of Coupon No.11.

> Chartered WestLB Limited Agent Bank

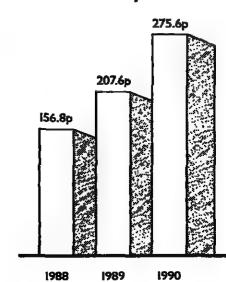
33% Increase In Net **Assets** Per Share

66 Despite the current uncertainty about the business environment which has resulted in a weak property investment market, and an over-supply of space, Stanhope's cautious long term strategy has enabled it to grow successfully at a time when other developers are encountering severe

In the financial year to june 30 1990, reported net assets increased by 33% to £457.7 million. Net. assets per share rose 33% to 275.6p. Whilst this growth reflects for the first time the valuation of Phases 7 and 11 of the Broadgate Development, the larger part of the growth is attributable to non-Rosehaugh Stanhope Developments assets. Profits before taxation decreased 3.5% to £15.0 million in the same period.

The success of our strategy is shown in the company's healthy cash liquidity position and overall financial performance. 77

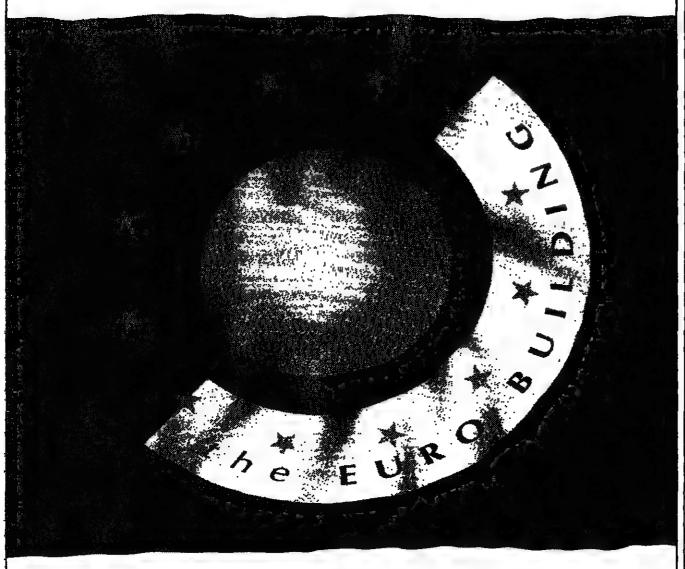
> NET ASSETS PER SHARE 30th June



The directors of Stanhope Properties PLC accept responsibility for the contents of this advertisement, which has been approved by Ernst & Young, a firm authorised by The Institute of Chartered Accountants in England and Wales to carry on

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The administration division will remain at 3 Lombard Street, London EC3V 9DT to which all settlements contact and correspondence should continue to be addressed.

This advertisement is issued in complaince with the requirements of the Council of The Stock Lisa home

The Council of The Stock Exchange has granted permission to deal in the Convertible Preference Shares in the Unlisted Securities Market. It is emphasised that no application is being made for these securities to be admitted to the Official List.

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Rights Issue, underwritten by funds managed by Advent International Corporation and Advent Management Opportunities Limited ("the Advent Funds"). of-up to 6,428,571 3.75 per cent. (net) Convertible Redeemable Preference Shares of 70p each "Convertible Preference Shares") at par, the first instalment

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Particulars of the Convertible Preference Shares are contained in a Circular to Shareholders dated 16th October, 1990 ("the Circular"). Details of the Circular are included in the Companies Fiche Service available from The Stock Exchange and copies of the Circular will be available to the public for collection only from the Company Announcements Office of The Stock Exchange at 46–50, Finsbury Square. London, EC2A 1DD during normal business hours up to and including 13th November, 1990. Copies of the Circular may also be obtained during normal business hours up to and including 23rd November, 1990 from the registered office of the Company at Brewmaker House. First Avenue, Millbrook, Southampton, SOI OLG and from the following addresses:

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9th November, 1990



UK COMPANY NEWS

Yale shares dive 34p on 22% profits fall to £20m

By Clay Harris, Consumer Industries Editor

YALE and Valor, the security and home products group, blamed the weakness of the dollar and fewer housing starts in the US and the UK for a 22 per cent decline in pre-tax profthe six months to September

Sales slid by 12 per cent to £179.6m (£203.9m). The interim ti79.6m (Exis.9m). The interim dividend is being maintained at 3.9p, despite a 17 per cent fail to 11.28p (13.65p) in fully diluted earnings per share. Yale's shares lost more than a sixth of their value yester-day, closing 34p lower at 158p. Mr Michael Montague, chair-man said orders from the Mid-

man, said orders from the Mid-dle East "virtually dried up in mid-August" and were showing no signs of recovery. Kuwait alone was Yale's single largest export market for electric

The group's Italian locks plant, which exports two-thirds of its production to the Middle East, had also sent home 100 of its 300 employees until businesses picks up.
Fall-out from tension in the

Gulf had also depressed demand in the US and UK, with business taking a sharp downturn in August and Sep-tember, Mr Montague said. But he predicted that recovery could swiftly follow a resolution of the crisis. "We want to see the other side of what is now the

shouting war and may be the shooting war," he said. The company had put a cost-

in August, with contingency plans ready if further cuts were needed. Worldwide, it had eliminated 500 of 7,500 jobs. However, Mr Montague said how product development and new product development and



Michael Montague - Middle East orders have dried up

capital investment to improve efficiency were sacrosanct.

He said exchange rate changes had accounted for about half of the reductions in turnover and operating profits, which fell by 29 per cent to £21.1m (£29.6m). The pre-tax figure suffered proportionately less because interest payable declined to £900,000 (£3.8m) NuTone. Yale's US built-in

omestic appliances subsidlary, retained its leading share of a declining market but resisted pressure to cut prices.
Some of the business we haven't done, we haven't done because we wouldn't do it," Mr Montague said.

UK housing starts were likely to be at a nadir at 10.000 a month, he said. The security business was experiencing mixed fortunes, depending on the strength of local econo-

Yale is almost entirely dependent on consumer and building products and made 74 per cent its operating profits in the US last year. It is hard to imagine a worse economic outlook for the chairman to mull over in his incomparable manner. One small consolation is that Yale never proceeded with a plan to build a shower factory in Kuwait. However, unless peace and prosperity break out overnight, full-year pre-tax profits are likely to dip by a quarter to £42.5m, which is lower even than the 1988-89 result. This puts the shares on of 6.6, compared with a yield of

8.5 per cent, assuming an unchanged final dividend. Yale

has a strong balance sheet and will take off when the recovery GPA advances 22% to \$140m

and expects further growth By Paul Betts, Aerospace Correspondent

GUINNESS PEAT Aviation (GPA), the world's leading aircraft lessing group, yesterday reported a 22 per cent increase in net profits from \$114.8m to \$140.3m, or £71.64m, for the six

The Shannon-based group said it was still expecting to report further growth in the second half despite the increasing uncertainties clouding the aviation industry. Financial analysts are estimating year-on-year profit growth for GPA Mr Maurice Foley, vice-chair-

man and group president, said it was extremely difficult to for the aviation industry, but he felt demand for air travel and aircraft would remain sustained in the longer term.
Nonetheless, GPA has scaled

back its longer-term forecasts for the aviation industry. It now expects a requirement for about 7,000 new aircraft during the next 10 years compared with its forecast made before the Gulf crisis of 7,600 aircraft

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GPA was estimating average annual growth in air travel of 6.25 per cent through the 1990s. back to 6 to 5.75 per cent. Mr Foley said GPA felt there

would be important growth opportunities for western air-craft sales in eastern Europe and the Soviet Union, GPA is estimating demand for-up to 500 western jets in the Soviet Union and about 250 jets for east European countries But Mr Foley said GPA was

well equipped to face the cur-rent difficult situation because of its strong balance sheet with low financial gearing. Morecraft fleet was less than five years old. Concern has been growing in

the industry that aircraft leasing companies could suffer from the combination of the developing bank credit squeeze on aircraft linancing and the financial pressures facing air-lines as a result of soaring fuel costs and the threat of a general economic recession. However, demand for new

fuel-efficient aircraft meeting the new European and US noise and environmental to remain strong, while the market for older jet aircraft built before 1975 is likely to be severely hit.

GPA currently has 280 jet and turbo-propeller aircraft on lease to 83 airlines throughout the world. It is due to take delivery of about 90 additional aircraft next year. Overall it has 700 aircraft on order, including options.

The group's revenues increased by 17 per cent to \$965.1m in the period under review. The company said shareholders' funds were \$998.3m and the value of the assets under the its management was \$4.5bn at the end of September. Borrowings at the end of September totalled \$1.8bn with interest charges averaging 9 per cent.

GPA executives said the group had not taken any decisions on floating the company on the Stock Exchange.

UniChem expects to raise £25.7m in flotation cash call

UNICHEM, the pharmaceutical wholesaler, yesterday announced it expected to raise a net £25.7m through the rights issue that is to accompany its flotation on the stock market scheduled for next Thursday. The flotation marks the cul-mination of UniChem's conver-

which was approved in May by the 4,400 pharmacists who own the company.

The 27m rights shares are to be issued on a two-for-five basis at the deeply discounted price of 100p each. This assumes a flotation value for the existing share capital of

sion from co-operative status,

about £100m. Unusually for a discounted issue, the shares are being underwritten. UBS Phillips & Drew, UniChem's sponsor, sald

this was owing to littery stock market conditions.
UniChem also forecast that

its pre-tax profits for the year to end-December would not be less than £16m, a 10 per cent increase. It said that it intended to pay a maiden final

Pro forma earnings per-share, calculated on the basis that the flotation had taken place before the start of the year, are 13.3p and the notional full-year net dividend payment

will initially be applied to

However, the company has a number of expansion plans, including the setting up of a franchise scheme after its flota-

Worcester makes Belgian purchase and pref placing

By Andrew Hill

WORCESTER GROUP is hoping to sell its "combi" cen-tral heating boilers into the established continental Euro-pean market following the £2.76m cash-and-shares pur-chase of Radson, a Belgian boiler-maker.

The UK company also intends to raise £4.55m with a placing of convertible preference shares, available to shareholders on the basis of one for every five ordinary shares held. Members of Radson's management will pay £278,750 to retain a 10 per cent stake in the business, convertible into Worcester shares. Net proceeds of £3.3m follow-

net proceeds of 25.5m following the acquisition and placing will be used to reduce Worcester's borrowings, bringing gearing down to about 50 percent by the group's December year-end

Worcester's combination boilers heat water directly from the mains, while Radson as cornered 40 per cent of the Belgian boiler market with effi-

cient but more expensive condensing boilers.
Although Radson's losses

nearly quadrupled in 1989 to £1.78m before tax, and the business lost £1.1m in the first half of 1990, Mr Cecil Duckworth, Worcester's chairman, blamed rationalisation, now complete, and the adverse effect of seli-ing boilers through Radson's sister subsidiary, which the UK

company is not buying.

Worcester will pay £1.5m in cash for Radson and issue 1.25m new shares to the ven-dor, which has guaranteed to pay the UK group 90 per cent of the excess if Radson's annual losses surpass £495.000

Worcester, which is forecast ing a slightly increased final-dividend of 2.5p, is also selling Packaging Products, a subsidiary making specialist paper and packaging products, to its management for a total of 2938,000, including a £589,554 dividend payable to the parent

Colefax warns on profits and share price falls 26p

COLEFAX & FOWLER, the Sloane rangers' staple source of furnishings, yesterday became the latest casualty of the recession when it issued a

profits warning.

The group's shares fell by
26p to 62p when it announced
this year's profits would be lower than expected because of the impact of the weak dollar on its US income and the poor performance of Jane Churchill, one of its UK subsidiaries.

Mr David Green, chief executive, said the original Colefax business in the UK, which has sold wallpapers to everywhere from the Bank of England to Buckingham Palace, was still faring well. However Jane Churchill, a

operating in the more vulnera-ble middle market, has been hit by the recession. Churchill has also had to carry the cost of three shops which it has unsuccessfully tried to let. At the same time the weak

smaller furnishings company

profits from Cowtan & Tout, the US business. The weaker dollar has also increased the cost of Cowtan's imported raw materials.
Colefax made pre-tax profits

of £4m on turnover of £31m in its last financial year to March 31. Analysts, who had origi-nally expected profits of around £4.5m for this year, have reduced their forecasts to

NEWS DIGEST

Further decline at Welpac

IN THE six months to July 31, Welpac, the USM-quoted hard-ware, DIY and electrical prodware, DIY and electrical prod-ucts packager and lighting manufacturer, has again seen pre-tax profits fall – from £124,871 to £90,117 – after the 37 per cent drop to £364,000 it reported for the year to January 31.

it was satisfied with the performance during a difficult period for the UK economy and was confident of an improvement in its traditionally weighted

Turnover slipped slightly to £5.24m (£5.37m) and interest

receivable declined to £655 (121,563). After no tax (£43,705), earnings were up at 0.34p (0.31p)

15% increase at **Appleby Westward**

Appleby Westward, the USM-quoted West Country-based grocery wholesaler, attri-buted a 15 per cent advance in interim pre-tax profits on the fine summer and an increase in people taking holidays at home rather than abroad.

Profits for the 28 weeks to eptember 7 rose from \$1.03m to £1.19m on sales 24 per cent higher at £38.66m (£31.34m). The interim dividend has been increased by 0.5p to 3p on earnings per share of 13.8p

Mr Roger Harvey, chairman,

said the investment of nearly £500,000 in building another warehouse and setting up a temperature-controlled distribution division had also proved

GRE formalises Sumitomo accord

Guardian Royal Exchange, the leading general and life insurer, yesterday announced it was formalising a long-standing co-operation agreement with Sumitono Marine and Fire Insurance, Japan's fourth biggest non-life insurer, writes Richard Lapper.

The two companies will introduce insurance business to each other and co-operate over reinsurance and training. GRE has had informal links with Sumitomo for more than



South Deep Exploration Company Limited ("South Deep") Western Areas Gold Mining Company Limited ("WAGM")

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Result of the rights offer by South Deep of 19 708 000 ordinary shares of 1 cent each result of the offer for sale by WAGM to its members of its entitlement to 16 123 390 fully paid shares in South Deep

South Deep manutures that its R231,5 million rights offer of 19 708 000 ordinary shares of 1 cent each to WAGM, Johnnesburg Consolidated Investment Company, Limited and the other participants in the South Deep Project Area which closed on 31 October 1990 was fully subscribed. Accordingly, the total issued and listed share capital of South Deep with affect from 1 Normber 1990 was 39 416 000 ordinary shares. WACM announces that in terms of its own offer for sole

of 16 123 390 South Deep shares which closed on Friday, 2 November 1990 and which forms part of the above issued ordinary share capital of South Deep, acceptances were received for 4 978 357 fully paid shares amounting to 30.9% of the offer The remaining the shares are shared to 145 629 will be taken up by the shares, being 11 145 033, will be taken-up by the writers in terms of the underwriting agreemen South Deep share certificates will be posted to members on 9 November 1990. Johann

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stablishing a business in the Kingdom of Saudi Arabia is not something to be taken lightly at the best of times, but the prospect of a Middle East war over neighbouries. war over neighbouring Kuwait has made even the most bull-ish investors pause for

call

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The Gulf crisis, however, has also underlined the growing economic importance of Saudi Arabia and its fellow oil states. Their dominance of oil supply is becoming more pronounced as oil reserves elsewhere decline.

International companies which can look beyond the next set of interim results are acutely aware that Saudi Arabia alone has a quarter of the world's oil reserves, and the whole Gulf region 70 per

Populations in the Arab Gulf states are small - Saudi Arabia's native inhabitants number around 7m or 8m -but they are growing fast and per capita income is among the highest in the world. Imported labour is relatively cheap, and there are no trade unions.

Companies investing in Saudi Arabia find advantages and disadvantages (tax holi-days on the one hand and cumbersome bureaucracy on the other) which are typical of other markets. But they also encounter a conservative Islamic culture and a business environment which may be totally alien to them.

The government, with all its oil revenues, is the driving force in infrastructural development and major industrial projects, while a number of merchant families control most of the rest of trade and indus-try. Within these guidelines, Saudi Arabia can be described

as a free market economy. Financial incentives reserved for locally-controlled companies, together with the dominance of the merchant families, mean that the basic vehicle for investment in Saudi Arabia is the joint venture.

Everybody with experience of investment in Saudi Arabia repeatedly emphasises the importance of choosing the right Saudi partner and getting to know him personally, whether that means going on picnics in the desert, attending a feast known irreverently by expatriates as a "mutton grab" or simply drinking a lot of tea and coffee. However, cultural differences should not be overemphasised, particularly when it comes to sophisticated west-ern-educated businessmen.

As in any joint venture, a good pariner will take a close

Doing business in Saudi Arabia

Why expertise and a partner are the prerequisites

Victor Mallet offers guidance on opportunities in a fast expanding economy

use his influence with government ministers or officials when required. A bad partner will want to enjoy his share of the profits while playing only a nominal role, and he may be obstructive if the business goes awry or has to be wound up. Four years ago Metal Box (now CMB Packaging following the merger of the packaging interests of Carnaud and Metal Box) invested in Saudi Arabia because it found itself supplying large volumes of can ends to the Kingdom from outside and did not want to lose this

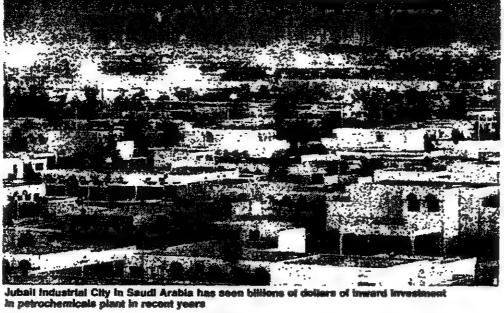
interest in the business and

healthy soft drinks market to anyone else.
"From the day we started "From the day we started digging it was nine months to trial production and one year to getting our full production off the ground," says Ashok Kapoor of CMB, who is general manager at the National Factory for Can Ends Ltd (Nafcel) in Jeddah, "I don't think we've done it as onickly appropriate the started of the started dispersion of the started dispersi

done it as quickly anywhere else in the world." The initial investment was 130m Saudi riyals (£18m) and today the factory and its 170 employees produce 4bn can

Nafcel is unusual in that the foreign share is lower than the usual 46 or 49 per cent, although, like many foreign companies, CMB has a management and technical consultancy agreement with its Saudi joint venture which improves its effective financial benefits from the operation. CMB has 16 per cent of the venture, with four leading Saudi trading houses – two of them customers – taking 21 per cent each. Nafcel is widely regarded as one of Saudi Arabia's most suc-

cessful joint ventures.
"We're kicking ourselves for "We're kicking ourselves for not taking a bigger chunk of the equity," says Kapoor. He points to the advantages of Saudi Arabia, including a cheap loan for about half the initial capital from the Saudi Industrial Development Fund (SINE) a 25-pear lease in an (SIDF), a 25-year lease in an industrial estate for next to nothing, and cheap electricity. Kapoor rejects claims that the shortage of demographic and economic statistics and the



amount of bureaucracy are insurmountable obstacles, but advises newcomers to hire local experts such as lawyers and architects who know how

to deal with the authorities.

Above all, he says, an investor has to have something to offer in the way of technical or management skills. "They [the Saudis] have got enough money," he says. "It's not money these guys are looking for." Nafcel is a private com-pany and does not publish its results, but Kapoor says it is a success. "The local market did hot perform as well as we had not perform as well as we had projected. But we used our capacity here to sell in export markets. We found we were able to compete on a world-wide basis."

wide basis."

Like CMB, BP Solar found itself exporting to the Gulf—in this case the product was solar electricity generation equipment—and decided to set up an SR7m factory to assemble its products in Riyadh in Saudi Arabia. The 49-51 partnership with Ahmad Hamad al-Goesibi, BP Solar's former agent makes RP Solar former agent, makes BP Solar Arabia a local company with better access than foreign com-

petitors to ministry projects; the uses for solar panels include power generation for telecommunications repeater stations and for aircraft warnng-lights on pylons in remote

"Sandi Arabia was seen as one of our larger markets within the whole of the Gulf area and the benefits provided by the SIDF made us select Saudi Arabia." says Stephen Back, the local company's general manager. The company eral manager. The company has been producing since the start of this year following the granting of an industrial licence, commercial registra-tion and agreement on an SIDF

"You have to be prepared to be quite patient with the various pieces of paper they req. "ays Back of the SIDF procedule, but he adds that the SIDF will help promote local hustnesses and that there are no problems provided the rules are followed. Roughly half the sales are exported and half are sales are exported and half are destined for the domestic market, although the Gulf crisis has made customers in the region put many of their civil investments on hold.

Many companies find that dealing with the SIDF and the bureaucracy to ensure import duty exemptions for local firms is particularly laborious. Com-panies must specify their import needs in great detail for each category of input for the year ahead. "The Ministry of Finance wants the duty and the Ministry of Industry wants the exemptions," says one businessman in Dhahran. "It means you've got to have some fairly sleek operators to go and deal with the authorities."

Another complaint concerns

the informal waiving of the system which is supposed to favour Saudi companies if they bid within 15 per cent of the price of competing imports. "We can't always guarantee that we get that advantage," says one joint venture manager in Riyadh.

Saudi Arabia, anxious to import technology and develop its non-oil industries, has long favoured "offset" – whereby companies winning contracts agree to make an investment in part-exchange. The best known of these arrangements involves the huge defence contracts signed with British,

French and US suppliers, but the principle is widespread.

British Telecom, for exam-ple, is poised to make an undis-closed new investment in Saudi Arabia as part of an agreement reached when it won a SRiffim contract three years ago to manage the King-dom's telex and data networks.

Offset is often unpopular with foreign companies: they with foreign companies; they are usually supposed to benefit from streamlined investment procedures, but they tend to find that offset has simply added another layer to the bureaucratic process. Offset is nevertheless a price that some-times has to be paid to win a contract. "The Saudis have been ripped off so many times that they are very cautious,"
says one expatriate businessman in Riyadh. "They want to
have some book into a foreign
contractor so that instead of being bled themselves they can bleed the foreigner of his

expertise."
The Gulf markets, and Saudi Arabia in particular, are peculiar in several respects. Banks and construction companies were burned in the 1980s by unpaid debts. Statistical information is generally regarded as inadequate, and official popula-tion surveys are not published. Foreign companies must be aware of puritan Islamic sensi-bilities, especially in advertis-ing. "You can't even show someone washing their hair because it's a presupposition that she hasn't got any clothes on," says one businessman.

Saudi Government officials and inexperienced company employees are often terrified of decision-making, and wily foreign company representatives or their local partners must persuade bureaucrats that not taking a decision will be more risky than taking one.

"The skill lies in getting what you want out of the country but getting it reflected back

to you as if it was their idea, says one foreigner in Riyadh. "Commissions" for major defence contracts may still apply — as they do alsewhere — but petty corruption is far less widespread than it was in the oil boom years of the 1970s. "Companies should be takcompanies should be tak-ing a long-term view and employing the Japanese con-cept of where do they want to be in the year 2030," says lan Alston, regional manager for British Telecom in Riyadh. "If one has confidence in one's

Management abstracts

Deadly waves that spell disaster. J Humphries in Computer Weekly (UK), July 5 90 (2

paaes). Examines the evidence that Examines the evidence that suggests that electrical interference is a growing cause of spurious computer faults. Among the organisations which have suffered are British Telecom, the Civil Aviation Authority and BP, an exploratory oil rig of which went walk-about on the open sea after a mobile radio interfered. after a mobile radio interfered with the computer which aligned the rig's position. Gives examples of how compa-nies have overcome problems. and offers the hope that pro-posed legislation will eliminate the problem. Staff management: law of contract. P Sweet in Computing (UK), August 2 90 (2 pages).

Looks at the pros and cons of employing computer contrac-tors. Offers advice on dealing with agencies, how to over-come problems with existing staff, and shows how contract staff can be used to one's own advantage. Concludes that a contract should be signed for a

ob, not a person. What now for the global acquirer? *Directors & Boards*

(US). Spring 90 (4 pages).
A round-table discussion among a 'polyglot cadre of international buyers, sellers and financiers' as to where the global acquisition game plan may be going. Around the table there is, for example, the manager of acquisitions at Hanson who claims that "we are now looking more closely at the group of LBOs and other companies that could be in trouble and might present an opportunity.

There are a fair number of

references to the European sit-uation, there is also some tabuated information showing inter alia - foreign acquisi-tions of US companies and the top European cross-border

deals of 1986. What is a human resource strategy? MA Thomas in

Employee Relations (UK), Vol. 12 No. 3.90 (5 pages).

Asserts that the precise meaning of "human resource strategy", what it looks like and how it is developed, has been conveniently avoided. been conveniently avoided, despite the increasing interest in the concept; attempts to provide the practitioner with a practical framework for devel-oping such a strategy. Defines HR strategy as a "co-ordinated set of actions aimed at integproduct one has got to be prepared to accept the downside of the first few years."

Previous articles in this series were published on July 27 (Italy) and October 16 (France).

systems", and its implementa-tion as involving a human resources mission statement, an analysis of human an analysis of human resources strengths and weaknesses, opportunities and threats, and planning to meet strategic objectives. Improving working relationships. B Lusher in Journal of European Industrial Training (K), Spring 90 (17 pages).

A case history, in extraordinary detail, of a consultant-led, two-day workshop set up to

two-day workshop set up to improve the team success of, and the relationships between, an action-and-results-oriented personnel director in an unnamed consumer goods com-pany and his four subordinates, for whom personal rela-tionships were more of a

tionships were more of a priority.

Management of talent. Thooghiemstra in European Management Journal (UK), June 90 (8 pages).

Presents a framework for the successful management of talent. This includes formulae for competence profiling and for assessing leadership styles and work climate in the immediate environment. The aim is to attempt to change the superfienvironment. The aim is to attempt to change the superficial basis on which many decisions about people are taken in organisations. Explains why talented people often fall to meet organisational expectations because job requirements are unstructured short-term criteria dominate selection procedures; suggests how these faults can be corrected by competence profiling of people and jobs as a guide to a selection and future development. Offers a case study illus trating such an approach.

From national to European how to make it happen? HR Jakob in European Manage-ment Journal (UK), June 90 (7 pages).

A vice-president of Jacobs Suchard, the Swiss confection-

for business to Europeanise in oreparation for the single market; advocates five crucial strategies — the development of Euro-networks, the appointment of Euro-networks and the euro-networks are considered to the euro-networks are considered to the euro-networks and the euro-networks are considered to the euro-networ ment of Euro-working groups, the encouragement of Euro-mo-bility, the establishment of Euro-English (a functional lan-guage of international business communication), and the creation of a sense of corporate

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COMMODITIES AND AGRICULTURE

EC farm unions warn of Gatt threat to CAP

By William Dawkins in Paris

THE FRENCH, German and UK farmers' unions yesterday warned their governments not to let the European Community's Common Agricutural Pol-icy be weakened following the comprise accord to reduce farm

"We warn our political decision makers against any threat to the CAP in the current negotations. The CAP has been and must remain the keystone of European unity," said a joint statement issued after a meeting in Paris.

The statement, signed by the French Fédération Nationale des Syndicats d'Exploitants Agricoles, the Deutscher Bauernverband and Britain's National Farmers' Union, added that they were "very concerned over the develop-

ment of negotiations in the General Agreement on Tariffs and Trade." They stressed there should be no weakening in the preferential access to EC markets allowed for European farmers.

They were "ready to pursue BC efforts to control produc-tion, on condition that the other main partners in world trade show they are doing the

The EC farm reform package has received a particularly hostile response in France, where farmers have created a political headache for the government in recent months by staging repeated violent attacks on imported meat and livestock. The government, whose compromise removed one of the main blocks to agreement in the EC, attempted yesterday to quell

farmers' anxieties. Mr Louis Mermaz, the agriculture minister, said there was no question of making any concession "which would weaken France's export potential." Neither would the EC make any concession in the Gatt talks beyond this week's Community agreement to scale down farm supports by 30 per cent over the 10 years to 1996. He scorned US criticisms that the EC agreement did not go far enough, and argued that Washington was more cautious than Europe on free trade in other areas like textiles, ser-vices and intellectual property. "Each is defending its corner. That is quite normal," said Mr

'Power deals bad for aluminium'

By Kenneth Gooding, Mining Correspondent

THE SPREAD of variable-cost power contracts, introduced to primary aluminium production at the end of the 1980s, was more of a threat than a benefit to the industry, suggested Mr Roger Scott-Taggart who is tible for industry analysis at Alcan Aluminium in Canada, yesterday. He said these contracts,

which, within certain limits, move the cost of power to an aluminium producer up and down in line with the market price of the metal, now covered the output of more than 3m tonnes of aluminium or roughly 20 per cent of Western world production.

This posed a threat to the industry because: "It tends to stop a normal reaction to lower aluminium prices. It reduces the industry's flexibility to react to lower prices," Mr

Scott-Taggart said at a seminar organised by the UK Alumin-lum Stockholders Association. He also dropped broad hints that record aluminium output next year might outpace demand. Stressing that he was expressing a personal view, rather than Alcan's, Mr Scott-Taggart pointed out that there was an additional 500,000 tonnes of primary aluminium production capacity ready to come on stream next year

representing an extra 3.4 per cent on the present Western

world capacity of about 14.5m

In 1992 new smelters would add a further 4 per cent or 600,000 tonnes. It was not possible to predict demand trends because of the Gulf crisis but consumption would obviously have to grow strongly to mop up such substantial increase in aluminium output. He doubted whether this would be possi-ble, particularly as demand

had recently weakened in the US, the biggest market.
However, in spite of an expected fall of about 5 per cent in aluminium cent in aluminium consump-tion in the US this year, West-ern world consumption in 1990 was likely to grow by between 1.5 and 2 per cent from 19m tonnes last year. He said stocks remained

very low, with only about 3m tonnes at the smelters, and for the past 18 months the indus-try had been producing at about 100 per cent of rated capacity. No one should be sur-prised that this was possible because since 1980 the industry had shut down 3m tonnes of worn out capacity and replaced it with highly automated, ener-sy-efficient plant.

Malaysia to join cocoa group

By Lim Siong Hoon in Kuala Lumpur

MALAYSIA HAS agreed to join the International Cocoa Organisation (ICCO) so that it can influence the revision of the International Cocoa Agreement, which expires in Septem-Formal entry into the organi-

sation is scheduled to take place next month, according to Mr Lim Keng Yaik, the Malaysian primary industries minis-ter, who also said: "There is no back-tracking."

That statement has been seen as a jab at Brazil, which opted to stay out of the Association of Tin Producing Countries despite indications that it would sign up last month. Malaysia has been press Brazil to take the step in return for its collapse of the existing agree-own participation in the ICCO. ment threatens to affect

Early this year, Malaysia announced its decision to join the Cocoa Producers' Alliance but deferred its decision over the ICCO pending the completion of discussions between the government and domestic pro-

Because the existing agreement has no economic provisions, the interests of local growers would not be jeopardised by Malaysia's participation, said Mr Thong Fah Thor of the Malaysian Cocoa Growers Council producers.

Malaysian cocos output in 1989-90 stood at around 260,000 tonnes, about 10 er cent of the world total and 18 per cent above the 1988-89's figure. A

domestic growers face increasing pressure from costs, labour shortages and competition from Indonesia.

Mr Lim gave no indication of how Malaysia proposed to encourage the creation of workable cocoa agreement that would deal, at the same time, with the 240,060-tonne buffer stock and with the \$150m owed to the ICCO by its producer

The Malaysian proposals for the new economic provisions could resemble the key elements of the International Natural Rubber Agreement only UN-sponsored commodity pact still operating price support arrangements – of Malaysia is a signatory.

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Close

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Reform good for rice but threat to peanuts

Nancy Dunne concludes her sectoral survey of US farmers' attitudes to free trade

A S HE surveys his sec-ond rice crop of the year in the fading, golden, autumn light Mr Lov Sneary, a rice and beef producer in Bay City, south of Houston, Texas, is a contented

It is an idyllic scene at the close of a very satisfying harvest. The fertile fields are yielding a good second crop and worries about falling prices are being alleviated by the bright prospect of rebound-

ing markets.

Mr Sneary, a committed proponent of a free market for farm products, had thought this might be his worst year since he started farming with his father-in-law in 1976. The loss of the Iraqi market, after the invasion of Kuwalt, ended all hopes of a repeat of the 1989 performance, when Baghdad absorbed a quarter of American rice exports. The subsequent embargo had reduced by more than half the \$2.25 a short cwt (100 lb)premium local farmers were receiving on sales to local mills. But the Texas Rice Council

has been hard at work cultivating new markets. A cash deal was worked out with Brazil, and Nigeria has indicated a willingness to drop its embargo on American rice. Vietnam, which had aggressively entered the competition, has, for the time being at least, exhausted its export supply.

Out in farm country, backing for the US proposal to the Uru-



guay Round of the General Agreement on Tariffs and Trade for a worldwide reduction in farm supports varies widely among commodity groups; it depends largely on what they see as their pros-pects in a world of falling trade barriers. The Texas Peanut Producers Board, for example, views the current Gatt round as "the biggest threat facing the 4,000 peanut farmers in Texas today" and fears loss of quotas which currently restrict imports to 1.7m lb (shelled) a Mr Ted Higginbottom, a pea-

nut farmer from Seminole, Texas, insists that without quotas China would flood the US market with cheap peanuts

and devastate the industry. "China is not even a member of Gatt," he complains.

Peanut producers are pro-tected by a two-tier price sup-port scheme that establishes pour scheme that establishes poundage production quotas. A support price - \$615.87 a short ton (2,000 lb) last year - is applied only to a grower's quota. These peanuts can either be sold directly to the market or placed under government loan, which sets the support price.
"Additional" peanuts can be

sold for export or in the domes-tic crush market, or placed under loan with the area grow-ers' association at a support price well below the government's price - last year

BRAZIL'S MINISTRY of

Agriculture is banking on

wheat privatisation to stem the rising flood of wheat imports.

We are siming to make Brazil self-sufficient in this sector

over the next two years," said

Mr Renato Zandonadi, co-or-dinator of the ministry's wheat

department. A disastrous wheat crop this

year has led the Ministry of the

Sconomy to approve the impor-

\$149.75 a ton. The associations can sell additionals at the domestic support price after buying the peanuts; the profits they earn must be used to off-set losses incurred by taxpay-ers for the price supports.

Rice farmers have no quota protection, but along with other grain producers they have price floors and production subsidies. Since 1985 they along with cotton producers
 have had the benefit of

export subsidies, called "mar-keting loans." These allow farmers who have borrowed from the government to repay their operating (price support) loans at lower rates. The programme prevents the official "loan rate" from acting as a price floor and making American commodities uncompeti-tive when the world price is Foreign sales are particularly vital to Texas rice farm-

ers, who last year exported about half of their production to Asia and the Middle East. In all, the state's rice output totalled almost 20m cwt, 12 per cent of the US crop nationwide.
US rice exports have occasionally been given a boost by
the export subsidies provided
under the Export Enhancement Program. But the intro-duction of marketing loans had s more powerful immediate effect. Although some of the subsequent turn-around was attributed to weather problems in Asia and rising world demand, foreign sales, which

Brazil aims to stem wheat flood

had been plummeting since their peak in 1981, bounded up from 58.7m cwt in 1985-88 to 84 2m cwt the next year. Since then, the subsidies have helped keep exports in the range of 77m cwt to 86m cwt.

Mr Sneary is willing, even anxious, to give up such government remedies. He remembers his most successful year in farming. It was his first and he had contracted most at a second contracted most account of the second contracted most acc he had contracted most of his rice in advance with a local mill. There were no govern-ment supports that year, but

prices were high.
"It showed me that as long:
as I attended to my business;
and made a crop I could make. and made a crop I could make a profit," he says. He is ready to compete "toe to toe with anyone" providing governments phase down supports.—"The Chinese, Vietnamese and "The Chinese and "The Chi Thais can grow cheaper rice, he says, but not the long-grain Texas rice growers are prepared to promote in a market without barriers. He is convinced that American producers can change foreign tastes and perceptions. "If I go out of business because I can't com-

pete, so be it."

Mrs Mary Webb, executive director of the Texas Peanut Production Board in Deleon, sees grand prospects for her rector. Consumption is rising. sector. Consumption is rising up from 9 lb a head in 1981 to 11 lb last year, exports — particularly to the EC — are healthy. But, she believes, the sector can thrive only if farm

India has no success in finding raw jute buyers

WORLD COMMODITIES PRICES

1590-6 1614-6

ide (\$ per tor

1289-70 1273-4

ION BETAL EXC

Copper, Grade A (£ per tonnel

No. 98.7% marity (\$ per to

INDIA, WHICH has decided to resume export of raw jute to the world market after a gap of seven years, has not so far suc-ceeded in signing any overseas sales contracta.

New Delhi has sanctioned world market sales of 100,000 bales of 180 kg each in 1990-91, bales to the Soviet Union, Poland and Czechoslovakia under bilateral trade agree-

Overseas buyers - they are mostly London based - are not willing to do business with India, however, since jute from Bangladesh is available in abundance and at heavily dis-counted rates. Bangladesh is offering a discount of over \$50 a tonne on the \$420 a ton offi-cial price for BTD jute, the benchmark grade. Having failed to do any busi-

ness the government-owned Jute Corporation of India is now working out a new set of minimum prices. Its room for manoeuvre is limited, however. by the government's stipula-tion that exports must gener-ate profit. While India is yet to find an 1990-91 will be over 8m bales.

2/tonne

export outlet, the domestic market for raw jute continues to be buoyant, in spite of the fact that India is harvesting a bigger crop of about 9m bales in 1990-91 (July-June), compared with 6.8m bales last year. So far 3.5m bales have arrived in the market. The crop quality is good, according to Mr A.K. Majumder, chairman of JCL The Indian jute mill industry

is totally opposed to exports on the grounds that in the present peak arrival period when prices are supposed to be low, raw jute is commanding a pre-mium of up to Rs250 (27) a quintal over the government fixed statutory minimum price of Res20 a quintal for the benchmark grade TD-5. Exports would be expected to give a further push to prices. The strong demand for jute The strong demand for juve in India is explained by the fact that since July, ten jute mills have reopened, encouraged by a buoyant jute goods market. Today 54 out of 59 mills in West Bengal are operating and it is expected that mill consumption of fibre in manan will be over 8m bales.

tation of 2m tonnes of wheat from the US, Canada, South By Kenneth Gooding

Africa and France. This is in addition to an agreement to purchase another 2m tonnes from Argentina. Brazil's wheat production fell to less than 4m

By Victoria Griffith in Sao Paulo tonnes this year, down from Mr Zandonadi said domestic 5.5m last year, and a high of 6.1m in 1987.

According to Mr Zandonadi, privatisation will encourage producers to improve efficiency. He admits, however, that the going will be tough. The government currently pays a domestic price of \$171 a tonne, more than twice the international price of about \$82

Wheat producers will sorely miss the government's prices. To make matters worse, Brazilisn farmers are caught in a severe liquidity squeeze and have no money to invest in new machinery. wheat production will depend on the amount of agricultural subsidies received by foreign producers, and on the Brazilian: government's own trade production, the government may eventually refuse to let subsidised wheat into the country, Mr Zandonadi sald production would be encouraged by the fact that wheat could be planted on the same ground as soyabeans and maize, since the crops had different growing seasons.

Brazil has an estimated wheat production capacity of 25m tonnes a year.

JCI withdraws from mineral sands deal

(Prices supplied by Amelpamated Metal Trading)

1612-3

1314-5

615B-S

1265-B

1281-2

AM Official Kerb close Open Interest

Total daily turnover 23,494 lot

Total daily turnover 23,415 lob

64,140 lots

110,106 lots

10,827 lots

7,884 lots

8,765 lots

19,766 lots

Total delly turnover 2,854 lots

JOHANNESBURG Consolidated Investment Com-pany, the South African mining group, has withdrawn its offer to join Kenmare Resources in a joint venture on the Congolene mineral sands project in Mozambique, which was reported in the FT yester

Kenmare, the USM-quoted, Dublin based exploration company, is talking with several other parties which have expressed interest in the US\$102.3m project. JCI said the main reason for

its decision was the lack of support from the Credit Guarantee Insurance Corporation of

CRUDE Oil (Light) 42,000 US galls S/berrel

South Africa. Kenmare said it was "naturally disappointed," but noted that JCI's decision did not affect the viability or inherent value of the project; in fact JCI's technical and financial analysis served to reinforce the existing feasibil-

ity study.

Chicago

MARKET REPORT

Aluminium prices closed easier on the LME yesterday after an earlier small rally met hedge selling and profit taking. Traders quite widely in the near future as prices attempted to stabiliae after the recent sharp fall. The fundamental background needed reassessing following the squeeze on early November supplies, which had attracted large quantities of metal to LME warehouses. Copper prices were in retreat - dealers said a test of key underlying support in the \$2 520/\$2.530 a tonne area for three-month metal was possible soon. Nickel closed at the day's

London Markets

| SPOT MARKETS | | |
|---|--|--------------------------------------|
| Crude off (per barret POS) | | + ar - |
| Oubel Brant Bland (dated) Brant Bland (December) W.T.I. (1 pm est) | \$29.25-8.35y \$34.75-4.85 \$33.80-3.85 \$34.35-4.40y | -0.05 |
| Oil products (NWE prompt delivery per t | onne CIF) | + or - |
| Premium Gasoline Heavy Fuel Oil Naphtha Patroleum Argus Estimales | \$340-345 \$318-321 \$130-132 \$304-309 | +5 +7.5 +2 +6.5 |
| Other | | + or - |
| Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz) Palladium (per troy oz) | \$386.00 426c \$421.5 \$84.00 | -1.25 -2 -1.5 -0.45 |
| Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market) Tin (Kuala Lumpur merket) Tin (New York) Zinc (US Prime Western) | \$1610 50c 400c 16.25r 284c 70c | +40 +1 -13 -0.08 |
| Cattle (live weight)† Sheep (deed weight)† Pigs (live weight)† | 108.71p 160.07p 78.81p | *+2.17 *+14.1 *+7.96 |
| London daily augar (raw) London daily augar (white) Tate and Lyle export price | \$257.4q \$307.0q \$240.0 | -3.00 + 1.0 -0.5 |
| Barley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern) | £117.50 £159.00 £87.00 | |
| Rubber (Dec) V Rubber (Jan) V Rubber (KL, RSS No. 1 Dec) | | + 0.75 + 2.75 + 0.5 |
| Coconus of (Philippines)5 Paim Oil (Malaystan)5 Copra (Philippines)5 Soyabeans (US) Cotton "A" Index Wooltops (64s Super) | \$340w \$320 \$230.0t £135.5 82.55c | +20 +10 +10.0 +2.0 +1.30 |
| £ a tonne unless otherwise | stated, p-por | |

Dec v-Nov. w-Oec/Jan z-Jan/Mar y-Oec. †Meet lon average tatstock prices. " change from a week ago. . London physical market. SCIF Rotterdam. - Buillon market close. m-Me-

levels. Dealers said that after failing to breach resistance at \$8,600 a tonne for three-month metal on Wednesday the market looked set to test support around the lower end of the current range. Some backing is expected around \$8.2 COR futu រានព phy

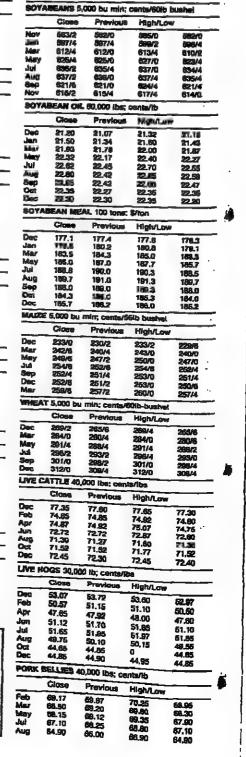
lows but above major support

| may | prompt | a test of | of that level support at | price f for No | or Nov 7 v 2 205.70 | 874.27 (87) (891.74) | 1.57) 10 day | everage |
|------------|-------------------------------|-----------------------------|----------------------------------|-------------------|------------------------|--------------------------------|------------------------------|---------------------|
| | | | d some of on renewed | COPP | III – Loc | sion POX | | £/tonns |
| | | ut tight i | | | Close | Previous | High/Low | |
| | | the BFE | | Nov | 55% | 554 | 559 548 573 564 | |
| | | | at after selling | Jan Mar | 571 953 | 570 549 | 673 564 556 547 | |
| | | | rates in the | No. | 567 | 560 | 569 560 | |
| physi | ical mai | rket. | | Jul | 562 | 579 | 565 577 | |
| - | | from Re | lane | Sep | 800 817 | \$95 612 | 602 58\$ 605 | |
| | | | | Turnov | ar 3622 i | (3842) lots (| | |
| | | Previous | (\$ per tonne | Nov 7: | Comp. de | nces (US c http://du.22.170 | ants per po 0.16). 15 day | und) lor sverage |
| Dec | 227.00 | 246.00 | 10gh/Low 224.00 | 72.30 (| _ | _ | | |
| May | 219.20 | 217.00 | 221.20 217.40 | POLA | 1084 - 1 | | 45.15 | Chones |
| Alex | 219.40 221.60 | 217.60 219.60 | 221.00 218.00 223.00 220.20 | - | Clase | Previous | High/Low | |
| Oct | 221.40 | | 222.00 219.60 | Nav Feb | 79.9 97.0 | 72.0 | 72.0 97.0 | |
| Gip 6 | 222.00 | EH0.40 | 218.60 | . Apr | 149.2 | 147.0 | 149.5 147.5 | 6 |
| 1 | Class | Province | High/Low | May | 168.5 | 186.0 | 168.0 | |
| Dec Mar | 304.5 300.5 | 302.0 296.0 | 305.0 301.5 302.0 296.0 | Turnow | er 130 (2 | 51) Tota of 4 | O termos. | |
| May | 300.5 | 296.9 | 201.0 PM C | EDYA | TEAL - | HS-PRO | | £/toome |
| Aug | 303.0 286.5 | 301.4 284.9 | 303.0 301.5 287.5 285.5 | | Clost | Previous | High/Lote | |
| Dec | 284.0 | 281.9 | 282.5 | Dan. | | 7.01000 | | |
| Turnov | or: Raw 16 | 195 (1101) | iggs of 50 touries. | . Dec Feb | 105.00 | 118.50 | 108.00 | |
| White 4 | 4936 (1929) | 1 | | Apr | 121.00 | 119.50 | 121.00 | |
| Paris- 1 | Male (FFr | per torane): | : Dec 1986 Mar 1906 57 | Jun | 121,00 | 119.50 | 121.00 | |
| | | | | . 10-110-11 | er 85 (75) | lots of 20 | tornes. | |
| CHUO | LOIL - 1 | | \$/burre | PROTICU | יות או | NEW - 874 | S10/frid | ex point |
| Dec | 26.10 | | 54,70 33,60 | • | Close | Previous | High/Law | |
| Jen | 32.70 | 33.22 | 33.00 32.25 | Nov | 1275 | T268 | 1267 1260 | |
| Feb Mer | 31.10 29.70 | | 31.35 30.90 29.70 | Dec Jac | 1260 | 1268 | 1260 | |
| PE Ind | | | 28.79 | Apr | 1207 | 1251 | 1239 1215 | |
| | er: 7360 (9 | | | Jul | 1040 | | 1040 | |
| | L - IPE | , | S/ton/se | OE BFI | 1160 1284 | 1175 1309 | 1140) | |
| | Latest | Previous | High/Low | | 99 (186 | | | |
| Nov | 312.00 | 302.00 390.25 | 314.50 307.75 | 804/8 | - 100 | | | 2/some |
| Qec Jan | 301.03 289.50 | 278.75 | 301.50 295.00 291.00 264.50 | Wheat | Cione | Previous | High/Low | |
| Feb | 270.00 | 254.25 | 277.00 270.00 | | | | | - |
| Mar Apr | 250.00 240.00 | 248.50 233.25 | 282.00 250.00 250.00 240.00 | Nov Jan | 115.16 118.75 | 119.00 | 715.10 114.1 119.00 118.1 | |
| Jun | 234.00 | 225.50 | 234.00 | Mar | 122,50 | 122.60 | 122.60 122.5 | |
| Tuesday | 10200 J | IOEGON IANA | of 100 tonnes | May | 125,90 | 125.10 | 128.00 125.5 | 15 |
| | | | 01 100 1013/03 | Jun Nov | 127.50 | | 127.50 112.35 | |
| | f & VECT | | 6-30p each, as | Bartey | 112.35 Close | Pravious | High/Low | |
| | | | reports FFVIB. | .ban | | _ | 118.50 118.5 | 20 |
| | | | apples at 40-55p | Mar | 116.20 | 116.50 118.60 | 119.50 119.2 | |
| | | | pick of the week | Mity | 120.50 | 120.80 | 120.70 | |
| at 24- | 34p a lb. F | loot vegets | bles are also | | | | arley 118 (12 | 23. |
| 25_24 | lent at 20-3 n a lib for n | 80¢ à libler Marandes D⊷ | carrots and tatoes remain | Turnove | r lots of | 100 termes. | | ~ |
| good | value et 8- | 150 a lb en | d homegrown | | | | | |
| anlan | s are a be | rgain at 12- | 20p a lb. Chinese ake a good | PIQS - | | lci | ish Solden | nd) bydd |
| altern | etive to ic | eborg lettuc | 29 at 65-95p each, | - | Close | Previous | High/Low_ | |
| | | | value at 48-70p = 5-35p a bunch. | Nov Jan | 95.6 91.5 | 94.5 91.5 | 95.0 91.0 | |
| | n | | P a square | | | | | |
| | | | | I PATHORE | r 10 (15) | ints of 3,29 | 0 10 0 | |

| Dec Mar | | Previous | High/Low | | | C1088 |
|--|--|--|--|----------------------------|---|---|
| | 862 | 645 | 664 645 | | Aluministro, | 94.7% p |
| | 606 | 686 | 692 557 | | Cash | 1586-93 |
| May Jul | 723 746 | 715 | 757 718 | | g works | 1606-10 |
| Sep | 706 | 737 760 | 750 739 770 7 5 2 | | Copper, Gra | ide A (L) |
| 386 | 796 | 787 | 800 794 | | Cests | 1811-3 |
| ler. | 825 | | T T T | | 3 months | 1311-3 |
| armen. | ner 3278 | (2481) lets | of 10 tonner | | Lead (E per | lonre) |
| 200 | Indicator | prices (SD | Rs per tom | el. Dally | | 300.5-0.6 |
| rice f | or Nov 7 | 874.27 (BT | Rs per toni 3.67) 10 dey | everage | 2 months | 374.5-5 |
| r Ng | V 2 1005,71 | 6 (891.74) | | | Part 15 per | tormo) |
| | | | | - | Cesti | 67 00 -50 |
| OH | E - Los | ssion POX | | ⊈/lonne | | 000-75 |
| | Close | Previous | High/Low | | The (S per to | rizae) |
| igv | 56% | 554 | 550 548 | | Cash | 6145-50 8186-80 |
| an les | 871 | 570 | 573 564 | | S (DOME) | 4106-00 |
| lar S | 963 567 | 549 560 | 558 547 569 560 | | Zinc, Specie | f High G |
| ul . | 562 | 579 | 585 577 | | | 1266-8 |
| ep | 900 | \$65 | 602 588 | | 2 excepts | 1262-2 |
| lav | 617 | 612 | 805 | | LISE Closin | \$75 mile |
| urnev | ar 3622 | (3642) lots | of 5 tonnes | | SPOT: 1.981 | 5 |
| ni Ot | dicator p | noss (US o | cents per pe | | | |
| | | ntry 70.22 (71 | 0.16). 15 day | average. | | |
| 239 (| 72.80) | | | | | |
| OTA | 1085 - | 100 | | Chonce | | |
| | Clase | Previous | High/Low | | LONDON III | VLLION |
| - | | | | | Gold (Here co |) S price |
| eb ds | 79.9 97.0 | 72.0 | 72.0 | | Close | 365 4 3 |
| per per | 149,2 | 147.0 | 97.0 148.5 147. | 5 | Opening | 386 4 -3 |
| Ey . | 168.5 | 186.0 | 168.0 | - | Morning the | 386,30 |
| _ | | 51) lots of 4 | | | Albermoon ib | 386.30 |
| | (E | , | autorities. | | Day's high Day's low | 387-367 383 ½-3 |
| DYA | STAL - | HI-PRO | | <u>Crionne</u> | | |
| _ | Close | | Mark 2 | | Colos | \$ price |
| | | Previous | | | | 394-390 |
| ec eb | 106.00 | *** | 106.00 | | Mapietesi Originalis | 394-398 |
| | 118.00 121.00 | 118.50 | 118.00 | | US Eagle | 394-366 |
| | 121,00 | 119.50 119.50 | 121.00 121.00 | | Angel | 394-398 |
| _ | | | | | Krugerrand | 385-388 92-93 |
| - 11074 | m do (/5) | lots of 20 | AUTHORIA. | | New Sov. | 52-43 53-63 |
| | IT PERCE | Res - ser | E Salvino | tex point | Noble Plat | 426.50- |
| | | | | -un pamil | | - |
| | Close | Previous | High/Law | | Silver fix | p/line o |
| 34 | 1275 | T268 | 1267 1250 | | Spot | 217.35 |
| .C | 1260 | 1268 | 1260 | | 3 magnitude | 204.76 |
| Mî Pî | 1230 1207 | 1251 1229 | 1239 1215 | | d membe | 291.50 244.65 |
| - | 1040 | 1228 | 1040 | | 12 months | |
| | | | | | | |
| ! ≾ | 1160 | 1175 | 1140 | | TRUDGED OF | |
| 2 | | 1175 1309 | | | | |
| # # # | 1160 1284 | 1309 | | | Alemainium (S | 0.7%) |
| # # # | 1160 | 1309 | | | | 0.7%) |
| i s i | 1160 1284 | 1309 | | Shorme | Alemainium (S | 0.7%) |
| TACOM | 1160 1284 > 99 (186 | 1309 | 1140 | Chorma | Strike price : 1600 1600 | 0.7%) Lamno (1 |
| TOOM | 1160 1284 > 99 (188 - 884 Ciose | 1309 I) Previous | 1140 | | Strike price 1600 1600 1600 1700 | 0.7%) Lowne (1 |
| i s s i move sacret | 1160 1254 or 99 (186 — 186 Close 115.16 | 1309 Previous 114.60 | 1140 High/Low 715.10 114 | .90 | Strike price : 1600 1600 | 0.7%) Lowne (1 |
| | 1160 1284 8r 99 (198 Close 115.10 118.75 | 1309 Previous 114.60 119.00 | 1140 High/Low 115.10 114 115.00 118 | .90 .75 | Strike price 1800 1800 1700 Cappe (Gira | 0.7%) \$ lossing () 4 4 1 |
| i s s ii move movi | 1160 1284 or 99 (186 Close 115.10 118.75 122.50 | 1309 Previous 114.60 119.00 122.60 | 1140 High/Low 715.10 114. 115.00 118. 122.60 122. | .90 .75 .50 | Strike prior : 1600 1600 1700 Copper (Grant 2500 2500 2500 2500 2500 2500 2500 250 | 0.7%) Loreng (4 1 A) |
| if at a second and | 1160 1284 or 99 (186 Close 115.10 118.75 122.50 125.80 | 1309 Previous 114.60 119.00 | 1140 High/Low 715.10 114 115.00 118 122.60 122 128.00 125 | .90 .75 .50 | Strike price 1800 1800 1700 Cappe (Gira | 0.7%) \$ lossing () 4 4 1 |
| of care and | 1160 1284 er 99 (188 Cloue 115.10 118.75 122.50 125.80 | 1309 Previous 114.60 119.00 122.60 | 1140 High/Low 715.10 114. 115.00 118. 122.60 122. | .90 .75 .50 | ###################################### | 0.7%) Lowno () 4 4 4 5 5 2 |
| si Ei Fi | 1160 1284 er 99 (188 1 - 1874 Clous 115.10 118.76 122.50 125.80 127.50 112.35 | 1309 Previous 114.60 119.00 122.60 128.10 | High/Low 115, 10 114 119,00 118 122,00 122 127,50 112,35 | .90 .75 .50 | #3cminhum (i Strike price ! 1500 1600 1700 Cappe (Gins 2500 2608 | 0.7%) Lowno (1 4 4 1 5 |
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| heat by in heat by in by in | 1160 1284 er 99 (188 Gloss 115.10 118.75 125.80 127.50 112.35 Gloss 116.20 | 1309 Previous 114.00 119.00 122.60 125.10 | High/Low 715, 10 114 115, 10 114 122,00 122 123,00 123 127,50 112,35 Nigh/Low 118,50 118 | 90 75 50 95 | Strike price 1500 1600 1700 1700 Cappe (Gira 2500 2700 | 0.7%) Lowno () 4 4 4 5 5 2 |
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| of est in the est in t | 1160 1284 er 99 (188 Gloss 115.10 118.75 125.80 127.50 112.35 Gloss 116.20 | 1309 Previous 114.00 119.00 122.60 125.10 | High/Low 715, 10 114 115, 10 114 122,00 122 123,00 123 127,50 112,35 Nigh/Low 118,50 118 | 90 75 50 95 | ###################################### | 8.7%; \$ Lowne () 4 4 4 5 5 2 2 3 7 |
| of Street ov In St | 1160 1284 pr 99 (188 Close 115.10 118.75 122.90 125.80 112.35 Close 116.20 118.30 120.50 | 1309 Previous 114.60 119.00 122.60 125.10 | 1140 High/Low 715.10 114 119.00 118 122.00 125 127.50 112.35 Nigh/Low 118.50 118 119.50 118 | 90 75 59 95 | ###################################### | 8.7%; \$ Lowne () 4 4 4 5 5 2 2 5 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 |
| of care and | 1160 1284 99 (188 115.10 116.75 122.50 125.80 127.50 112.35 Glose 116.30 178.30 178.30 178.30 | 1309 Previous 114.60 119.00 122.60 125.10 | 1149 115.10 114 115.00 118 122.00 122 127.50 112.35 Nigh/Low 116.50 118. 119.50 118. | 90 75 59 95 | ###################################### | 8.7%) \$ towns 0 1 4 1 4 1 5 5 7 7 7 5 5 5 5 5 5 5 5 5 5 5 5 5 5 |
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| I I I I I I I I I I I I I I I I I I I | 1160 1284 by 99 (168 Close 115.10 118.75 122.50 122.50 122.50 112.35 Close 116.30 129.50 119.30 129.50 119.30 129.50 119.30 129.50 129. | 1309 Previous 114.65 119.00 122.60 125.10 118.60 120.80 179 (80), 8 100 tormes. | High/Low 115.10 114 115.00 118 122.00 122 127.50 112.35 Nigh/Low 118.50 118 120.70 Larley 118 (1 | 90 75 59 95 95 | Surface prices 1 1500 1600 1700 1700 Cappes (Giras 2500 2700 Castles 500 600 Coccus | 9.7%) \$ lowne 0 \$ 4 \$ 2 77 79 8 2 |
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| f state of the sta | 1160 1284 by 99 (168 Close 115.10 118.75 122.50 122.50 122.50 112.35 Close 116.30 129.50 119.30 129.50 119.30 129.50 119.30 129.50 129. | 1309 Previous 114.65 119.00 122.60 125.10 118.60 120.80 179 (80), 8 100 tormes. | High/Low 115.10 114 115.00 118 122.00 122 127.50 112.35 Nigh/Low 118.50 118 120.70 Larley 118 (1 | 90 75 59 95 95 | ###################################### | 0.7%; \$ towns 0 1 4 1 5 2 5 7 5 7 6 7 7 8 8 8 8 8 8 8 8 8 8 8 |

| POT: 1.9815 | £22 M | | 3 mgm | ang La | 960 | 6 | months: 1 | ,9134 | D two | owine 1,4 | |
|---|------------------|----------|----------|----------------------------------|------------|--------------------------------------|------------------|------------------|------------------|------------------|--|
| New York | | | | | | | | | | | |
| TEXINAM HOLLIUM NOOMO. Incluriupe 2 spirq 8 (20 onl) bisi | | | | | | QQLD 100 tray cz.; S/tray cz. | | | | | |
| lose | | | | | | . == | | | | | |
| pening | 385 4 | | | 1964,-1 1964 ₂ -11 | | | Close | Provious | | | |
| forming the | 306,30 | | 1 | 197.0B2 | - | Nes Des | 367.3 366.9 | 386.3 367.9 | 355,5 | 385.7 385.8 | |
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| pot | 217.35 | | | 28.25 | | - Ap- | 425.8 430.1 | 423.6 427.6 | 427.0 | 698.3 | |
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| Ū | 4 | | 46 | 52 | 52 | Mary | 110.00 | 112.05 | 111.40 | 110.00 | |
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| bil | Dec | 36.36 | 36.81 | 35.26 | 34.00 | | Close | Prev |
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| _ | Mar | 31.25 | 30,41 | 31.25 | 30.25 | Nov | 563/2 | 562/ |
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| _ | Aug | 25.60 25.89 | 28.51 23.99 | 26.60 25.80 | 26.05 | May | 825/4 | 612/0 |
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| | Jul [*] Sup | 116.30 | 117.25 | 117,75 | 117,75 | Dec | 53.07 | 53.72 |
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marker steadily marker the LK after the LK Autumn Statement sharping the street warning to the street wa rom wis Prime Minister In London North Sea Tracks their highest installant

and interest

Teleco moves on ST the electronics dooms day. The

np sharply held their to close a: 51 of 10m. The t. on completion to Fujitsi - the offer !! 10p dividesc felt there was albeit a siim en ern Teleconic stake, that a: could emerge. Alcatel, tre 200 of Compagnie 🧐 tricité. Bowe another bid h may be templed

Northern Telegra to recover much Oils steady Slight disappe. third quarter in from Royal Dut: shares with comin spite of the ... overallmarket casts but, in view tensions in the G attention is non near-term prospec ducers than on a **ligures, des**oribed lyst as "large" The substance income lave. :-\$1.09bn at \$5.65 from even

minorities at BP nificant contact easily reversible After stripping tors, underly :- : Was seen 25 CTLT in some 2337 increased divises proved unfounded Both share: ahead of the ments, and made move during cornover of 122 Shell were aise in lighter volume of

Promotic at Austin Reed AUSTIN PEED GE

LONDON STOCK EXCHANGE

Calm response to Major's statement

THERE WERE enough black clouds on both the domestic and international fronts to keep UK equities depressed throughout yesterday's ses-sion. However, a loss of 23 points on the FT-SE scale caused few tremors among market strategists and the market steadied at the close after the TR soverments. after the UK government's Autumn Statement on the British economy was received calmly in the City of London.

The international backcloth looked particularly intimidating with crude oil prices. ing, with crude oil prices sharply higher overnight following the sternly-worded warning to the Iraq president from Mrs Thatcher, the UK

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Prime Minister. In London, however, Brent North Sea prices eased from their highest levels and ten-sions relaxed a little

| Account Dealin | g Dates |
|--|--------------------------|
| First Dealings: Oct 22 Nov 6 | Nov 10 |
| Option Declarations: Nov 1 Nov 15 | Dec 6 |
| Nov 2 Nov 18 | Des 7 |
| Account Day: Nov 12 Nov 28 | Dec 17 |
| New-Good dealings may tak 4.30 Mm bro business days | o place from sarilar. |

although the UK equity sector was virtually closed when it heard reports that President Bush planned to make a statement on the Gulf situation. Nervousness over the Middle

East situation was particularly noticeable in the London stock futures market. A modest rally in the equity market at midmorning was ascribed to the effects of a "basket trade" by a leading securities house which sold the FT-SE December futures contract and bought

the underlying stocks in the Footsie list. The minor rally in equities soon ran into the ground and the market slipped to a loss of nearly 26 Footsie points while traders waited for the Autumn Statement of the Particular Statement of the Par Statement to the House of Commons by Mr John Major,

The City had expected "few upsets" from the Chancellor, and it was proved right. "The Autumn Statement was pretty much in line with our expecta-tions," said Mr Richard Kersley from the economics team at Barclays de Zoete Wedd. Revised forecasts of £200bn

the UK chancellor of the exche-

Public Expenditure in 1991-1992 and of £180.6bn for the current fiscal year were as expected and predictions of economic growth at 1 per cent this year and 0.5 per cent overall in 1991

were judged acceptable by equity market analysts, although they were slightly below the most optimistic City forecasts. Equities rallied very modestly following the Chan-cellor's speech and the FT-SE ended the day 23 points down at 2,036.2.

Seaq volume increased from 373.7m shares on Wednesday to 423.1m yesterday. The institu-tions appeared to be cautious buyers again at the lower lev-els. Several of the larger accu-rities houses said their trading books were noticeably weighted yesterday towards the buy side. International stocks gener-

ally shed a few pence as the pound edged ahead at mid-ses-sion, but steaded later when sterling came back from the day's highs.
A feature of this sector was

SmithKline has outperformed the market heavily and it suc-

cumbed to profit-taking, dropping 30 to 559p on turnover of 6.6m. The shares were also affected by what some strate-

gists saw as undue attention on the third quarter, which

showed a slight hiccough in sales despite a rise in pre-tax

Reuters' London shares down sharply. Continued nervous-

ness over the company's new electronic dealing system and a

profits downgrading had a

combined effect on a nervous

day and the stock shed 26 in

early trading but recovered slightly to close 22 down at

Redland continued to feel

the draught of a recent broker

recommendation to switch to

RMC and the shares finished 9

down at 520p, while RMC edged forward to 588p. Several contractors stepped back sharply, including Costain, which settled 14 lower at 179p,

John Mowlem, 10 easier at 271p, and Rugby, 8 off at 132p. The latest development in

the battle for market share

between UK plasterboard man

ufacturers caused BPB Indus-

company which claims to be

the second largest plasterboard maker in Britain behind BPB

for its new Humberside plant to acquire industrially pro-duced gypsum from Tioxide

UK, the ICI subsidiary. Gypsum is used in the manufacture of plasterboard. A market

maker said BPB shares, 2 off at 161p, were also showing ner-vousness ahead of the interim

Dividend buyers supported Bellway, the Newcastle-based housebuilder, after exceptional

charges of £7.1m against lower

charges of 1.1.1m against lower land and work-in-progress values cut annual profits to £11.1m, against £17m previously. The shares gained 2 to 1839.

Short-term holders of James

Crosby, also a northern homes builder, became nervous await

ing developments in bid talks announced earlier this week. The shares dropped 20 to 70p. Foseco closed unchanged at

278p in the face of the formal

offer document from Burmah

results, due November 29.

has negotiated a 10-year de

vately-owned

German

Weakness in New York sent

profits.

the trading statement from SmithRline Beecham, which had been identified as one of the most attractive defensive stocks in a corporate sector beset by problems on the domestic front. However, the shares turned down after the results as profits were taken. There was little market reponse, however, to third quarter results from BP and Shell, both swollen by abnormal stock profits reflecting the rise in crude oil prices.

On the brighter side, the market was encouraged by confirmation of one of its lon-gest-running bid stories when Northern Telecom of Canada bid £1.9bn for STC, the UK electronics group. Also con-firming market predictions was the news of a planned merger of Wiggins Teape Appleton with Arjomari of France.

Financial times stock indices 88.40 88,43 88,47 88.45 105.4 (3/1/75) FT-SE 188 Share Ord. Div. Yield Earning Yid %(fulf) P/E Ratio(Net)(\$\text{\$\exiteta}\$\$\text{\$\texi\\$\$\text{\$\text{\$\text{\$\text{\$\text{\$\texititt{\$\text{\$\text{\$\text{\$\text{\$\tex 5.06 12.64 9.58 Seals 100 Gevt. Secs 15/10/26, Fluid let. 1928, Octobry 1/7/35, Gold eines 12/9/35, Bass 1000 FT-SE 100 31/12/63 is FT-SE Sealstack 100 31/5/90. ☆ NJ 9.43. 5.99 12.48 9.71 6.01 12.53 9.67 6.09 12.68 9.56 11.28 10.72 12.61 9.61 SEAG Bergra (45pm Equity Turnover(Em)† Equity Bergains† 19,444 701,47 17,187 324.1 20,992 993,30 20,252 352,4 18,229 17,624 540.58 GILT EDGED ACTIVITY indices* Nov 7 Nov 6 Day's High 1583.9 Day's Low 1589.8 114.0 136.5 Bargaire Down 8 mm 10 am 11 am 12 pm 1575.0 1575.4 1572.2 1 pm 1571.9 2 pm 1570.6 4 pm 1573.9 5 - Day average 120.7 123.6 *SE Activity 1974. †Excluding intra-market FT-82, Hourly ch Day's Low 2031.5 Day's High 2053.9 1 pm 2033.4 2 pm 2032.5 3 pm 2036.5 Open 10 am 11 am 2051.0 2048.1 2041.8 2040.5 London report and FT-SE Eurotrack 180, hourly of Day's Low 943.88 latest Share index: 10 am 11 am 12 pm 1 pm 2 pm 3 pm 945.08 945.78 947.00 947.63 948.56 949.28 Trading volume in Major Stocks

Telecom moves on STC

NORTHERN Telecom's agreed £1.9bn bid for STC ensured that the electronics group was the chief FT-SE 100 gainer on a gloomy day. The shares picked up sharply in early trading and held their 21½-point advance to close at 312% p on a turnover of 10m. The bid is conditional on completion of the ICL sale

The Northern Telecom deal means that shareholders will be able to receive at least 327p the offer is 317p cash and a 10p dividend. Some analysts felt there was also a chance, albeit a slim one, given North-ern Telecom's existing STC stake, that another bidder

could emerge. Speculation has singled out Alcatel, the telecom subsidiary of Compagnie Générale d'Electricité. However, Mr Brian Newman of Henderson Crosthwaite was doubtful about another bid but said Alcatel may be tempted by the submarine cable arm

Mr Newman added that Northern Telecom was likely to recover much of its costs from the sale of non-core busi-

Oils steady

al Dutch British Petroleum left both shares with only modest fails in spite of the weakness of the overallmarket. The figures were at the low and of forecasts but, in view of increasing tensions in the Gulf, investors attention is now focused on near-term prospects for oil producers than on third quarter figures, described by one analyst as "largely historical".

The substantial gains at net

income level, from £652m to 21,09bn at Shell Transport, and from £220m to £856m before minorities at BP, included significant contributions from easily reversible stock profits. After stripping out these factors, underlying performance was seen as uninspiring. Hopes in some quarters of an increased dividend from BP

proved unfounded. Both shares were easier ahead of their trading state-ments, and made little further move during the session. BP ended 4 off at 334p on moderate turnover of 4m shares, while Shell were also 4 down at 444p in lighter volume of 3.6m.

FT~SE Index and Oil price **Brent Oil price** FT~SE Index

The correlation between rising crude oil prices and a falling stock market could favour equities now that many specialists predict significantly lower oil prices next year. However, both markets have proved highly vulnerable to fluctuating prospects for an outbreak of fighting in the Middle East.

the share prices have been saying," commented the Kleinwort Benson oil team, which contin-ues to rate Shell a sell and BP a buy. Poor results in the chemicals division emphasised the relative vulnerability of Shell's downstream interests, while BP could still benefit in the fourth quarter from a further rise in crude oil prices if fighting breaks out in the Gulf. "But that might be the last hurah for oil prices," warned Kleinwort.

At Nomura Research Institute, Ms Christine Baker regarded Shell's results as particularly week but continued to recommend switching from BP into Shell. BP has outper-formed since July as Gulf war Slight disappointment with fears have put a premium on third quarter trading figures

BP's upstream strength, and Ma Baker believes that any outbreak of fighting would threaten refinery installations and thus enhance Shell's downstream capacity.

Recovery deferred

Concern that Storehouse, the retail group, may take longer than expected to improve prof-itability caused the shares to weaken. A 56 per cent fall in interim profits had been expec-ted, but there was surprise at the size of losses in its home furnishing division and indications that sales growth at BHS is alackening.
"The timetable for recovery

at Storehouse appears to have been put back," said Miss

The results reflected what Louise Hough at Barclays de Zoete Wedd, Storehouse fell 9 to 123p and turnover rose to 7.3m in active two way dealing. But despite the share price decline and some brokers downgrades, Storehouse remains well above its low of 97p, as hopes remain that an improvement will still take place in the current financial

Goldman Sachs reduced its full year forecast by 27m to 235m, while County NatWest moved to £37.5m from £40m. Hoare Govett left its estimate at £42m and BZW remained at

Yale disappoints

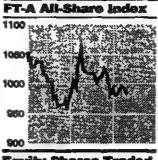
A series of hefty downgrad-ings followed the release of disappointing interim figures shares reacted on mid-term profits nearly 22 per cent lower, and fell further as analysis hastily revised full year expectations. They closed at

the worst level of the year of 158p, down 34 onthe session.

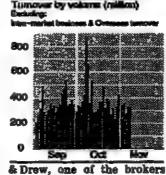
The group's problems seem to have surfaced since August when, according to an analyst, US expectations turned sharply lower. Over 40 per cent of total Yale profit is derived from USbased NuTone, which is facing the worst new US housing starts since 1982. Currency translations are also affecting profitability.

Govett reduced his annual profits estimate to £42.5m from

Castrol, which is offering 275p cash a share, or £236.8m, for 258m but expects the dividend to be held, or modestly increased. Yale has implemented a £10m cost-cutting programme, but it will not shares in Foseco was virtually entirely the work of Burmah, which said last night that it had bought 700,000 Foseco shares at 275p, lifting its stake to 11.4 per cent. Burman bought a single 500,000-share npact until next year. Fortunately the group is not highly geared, said the researcher, who forecasts 1991 profits of 250m. against £65m previously. A 30 per cent improvement in SmithKline Beecham's fig-ures failed to boost the stock. block from UBS Phillips



Equity Shares Traded



Mounting speculation that it is planning some form of deal with Polygram, the world's

largest recorded music group outside the US, pushed Thorn EMI up 12 against the trend to 585p. The speculation began in Holland on Wednesday when Polygram, which is largely owned by Philips, rose against a falling market

244224

a falling market. A 17 per cent rise in interim figures for British Telecom was offset by a cautious statement and overshadowed by the forthcoming duopoly review. The shares eased 3 to 257p on a heavy turnover of 9.7m. The offloading of more than 14m shares in New York

prompted a heavy turnover in Racal Electronics. The stock

hardened a penny to 162p on a volume of 9.5m. Eurotunnel slipped 15 to 418p after attention was focused on claims for up to £1.4bn at out-turn prices for extra payments by British and French contractors. Eurotun-

nel is disputing the claims.
Wiggins Teape Appleton
essed 4% to 158%p on turnover of 6.4m shares as its link with the French group Arjomari-Prious was confirmed. Analysts said that although the link would be beneficial in the long term, it probably ruled

out a takeover and subsequent

boost to the share price. The

merger will be effected by Wiggins issuing 315.5m new shares (39% of the enlarged issued capital) to Arjomari. A profits warning from Cole-fax & Fowler, the wallpaper, fabric and furniture company,

sent the shares down 26 to 62p. Inchcape prospered on hopes of its inclusion shortly in the FT-SE 100 index — there was also speculation of a deal being in the offing – and the shares moved up 3 to 214p.

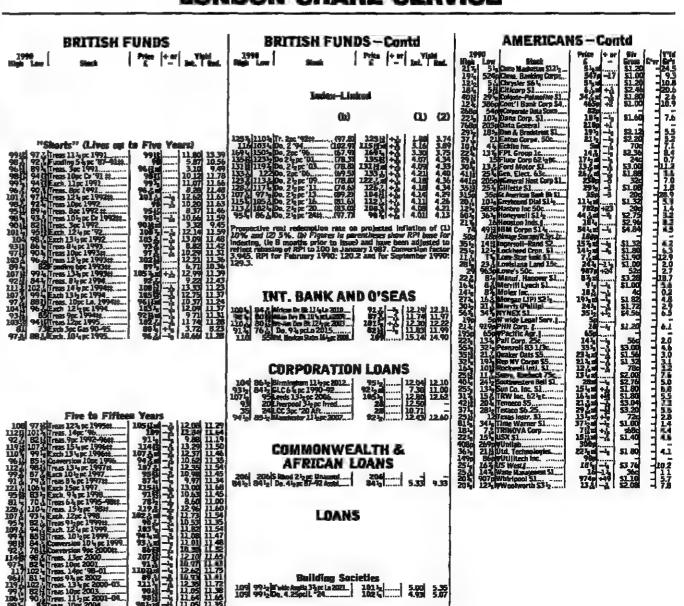
■ Other Market statistics, including the FT-Actuaries share index, Page 25

CANADIANS

5300 Practana 5 progression tens. 50 progression tens. 50 progression tens. 30 Do. 4pt Deb 5100. 15 progress TVX IIII. 2240 Verenta Corp. 273 progress TVX IIII. 5430 Vecto Bay Blines. 1840 Vecto Corp. 950 Candall Tects. Inc. 530 Candall Tects. Inc.

Mr John Houlihan of Hoare

NEW HIGHS AND LOWS FOR 1990



FOREIGN BONDS & RAILS

AMERICANS

APPOINTMENTS

Promotion at Austin Reed

AUSTIN REED GROUP has appointed Mr Colin Evans as deputy chairman. Mr Evans has been a member of the board since 1985 and is managing director of Chester Barrie, one of the group's principal subsidiaries. He is a grandson of the late Mr Austin Reed, the group's

Mr Evans holds his new position jointly with Mr David Pearson, a non-executive director of Austin Reed Group, who has been deputy chairman

Mr Hamish McCorquodale has been made managing director of AERO-PRINT, part of the IBF Group of Brazil.

BARCLAYS de ZOETE
WEDD has appointed Mr Adam WEID has appointed and de Courcy Ling as a director in the corporate finance division. He was previously resident London partner of arithmetic and the course of the cours the Matuschka Group with special responsibilities for mergers and acquisitions between the UK and Germany.

BUSINESS TECHNOLOGY GROUP has appointed Mr David Barker as group finance director. He was formerly group finance dire 'or of Prospective Group. Mr Peter James resumes the position

of executive chairman. Mr James was executive chairman from March 1987 to January 1990 and non-executive chairman from January 1990.

Mr John T. Langlands has been appointed director of finance for SCOTTISH ENTERPRISE. He is currently inance director/company secretary with United Wire. The Scottish Development Agency and the Training Agency for Scotland are gearing up to merge next April to form the new organisation.



Mr Jeff Rewitt (pictured) has been appointed finance director of UNITECH from January 1. He is group strategy director of Coats Vivalla. yiyella.

Two appointments have been made to the board of WHITWORTHS, the Wellingborough-based dried

fruits and cereals supplier. Mr Mike Aird joins from Mattessons Walls as sales director and Mr Mike Allaway comes to Whitworths from the Mars Group as operations

BIRMINGHAM MIDSHIRES BUILDING SOCIETY has promoted Mr Ian Cowley to the newly-created position of assistant general manager (sales). He was appointed assistant general manager (marketing) in November 1988.

■ Brigadier Andrew Paviour has been appointed to the newly-created post of chief executive at THE WINE AND SPIRIT EDUCATION TRUST.

■ Mr Robin J. Key is to join the board of RIVER & MERCANTILE INVESTMENT MANAGEMENT on January 3. He comes from Globe investment Trust where he was a director of Globe Management.

■ The CHASE MANHATTAN BANK has increased its commitment to international M&A with the appointment of new members to its global energy M&A team based in London. Mr John Knight is joining Chase as director of the team. He was formerly assistant director of the oil, gas and chemicals M&A team at County NatWest. Also moving from County NatWest is Mr Richard Franklin.

■ WESTERN TRUST AND SAVINGS has appointed Mr Malcolm Roker as general manager, sales and marketing. He joins from the Forward Trust Group where he was business development director.



Mr John Bradley (pictured), managing director of Heron Motor Group, has been appointed a director of HERON CORPORATION.

PINNACLE INSURANCE COMPANY has made Mr Leslie Priestley a non-executive

 Mr Victor Haslett has been appointed chairman and chief executive of WILLIS WRIGHTSON HARRIS MARRIAN.

Mr Allan Richens has become executive chairman of HAWKSHEAD SPORTSWEAR, He previously financial director of Empire Stores Group.

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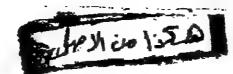
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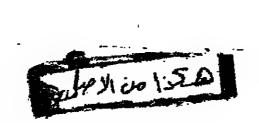
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Gulf fears underpin dollar

THE DOLLAR gained ground against the D Mark and the yen yesterday, supported by fears about war in the Gulf, but it finished well below the day's highs after US President George Bush said he is worried about an economic slowdown.

Mr Bush said that he wants to give sanctions against Iraq time to work, but is not ruling out any options in the Gulf. This followed Wednesday's warning on military action from Mrs Margaret Thatcher, the UK prime minister.

The US president also said that he is worried about the economy. "I want to be sure that to the degree a president can do something to soften the blow or to stimulate economic growth that he tries to do it."

This was taken as a hint of pressure on the Federal Reserve to cut interest rates again. A further easing of mon-etary policy is not ruled out at next week's meeting of the Federal open market commit-tee, even though concern has been voiced about the weak-ness of the dollar.

Mr Pierre Beregovoy, French finance minister, said yesterday that he did not think the US had any lasting interest in a marked drop in the dollar. Towards the end of last month he wrote to Mr Nicholas Brady, US Treasury Secretary, sug

| R IN NEW YORK | | | | | | |
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| CURRENCY MOVEMENTS | | | | | | |
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| Selling rate | | | | | | | |

subject of the dollar. Mr Bere-govoy claims that Mr Brady told him the issue should indeed be examined, but the market view yesterday was that an early meeting is unlikely. The German Economics Min-

istry said it had no comment on the French call for a meeting, but earlier this week a Bundesbank board member seemed to indicate the German central bank was happy with the situation and had no rea-son to intervene if the Fed does not act. Bonn has also indi-cated that the effect of a weak dollar on the German economy should not be over-estimated. At yesterday's close in Lon-don the dollar had climbed to

gesting an early meeting of the Group of Seven to discuss the Sterling weakened slight Sterling weakened slightly after Mr John Major, chancel lor of the exchequer, made his Autumn Statement to the Brit-ish parliament. The broad outlook for the pound was unchanged however, according to dealers. There were no great surprises in Mr Major's forecasts that inflation will drop of 5.5 per cent in the fourth quar-ter of 1991, the current account deficit will narrow to £11bn from £15bn next year and that government spending in 1991/

92 will rise to £200bn. The pound remained the weakest currency in the European Monetary System. It fell to DM2.9275 from DM2.9300, but was unchanged at FFT9.8225 and at SFr2.4575, while rising to Y255.50 from Y253.25. Sterling lost 90 points

| EMS EUROPEAN CURRENCY UNIT RATES | | | | | | | | |
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| POUND SPOT - FORWARD AGAINST THE POUND | | | | | | | | |
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| EURO-CURRENCY INTEREST RATES | | | | | | | | |
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| ig term Earcelotters: two years 8성-8월 per cand; three years 8월-8월 per case; lear years 8월-8월 per cane; five ns 9-8월 per case acceleal. Short term notes are call for US Dollars and Japanese Yee, others, two days' acutos. | | | | | | | | |
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FINANCIAL FUTURES AND OPTIONS

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MONEY MARKETS

Tight conditions

CONDITIONS ON the London money market were tight yes-terday, as the Bank of England again failed to provide enough assistance to take out the full underlying credit shortage. Bills were sold to the Bank at interest rates above the established intervention rate, meaning that the market was prepared to sell paper at a lower price than would nor-mally have been the case rather than pay high rates on the market for short term money during a period of

severe shortages.
Some band 1 bills were sold to the authorities at 14% per cent, against the established level of 13% per cent, but this may have been regarded as preferable to paying around 15% per cent for overnight

UK clearing bank base lending rate 14 per cent from October 8, 1995

The basic interest rate structure was little changed however, as the market showed a muted reaction to yesterday afternoon's Autumn Statement. Three-month interbank rose to 1313-1314 from 13%-13% per cent while 12-month money was steady at 12% 12% per cent.

Short sterling futures traded in a narrow range on Liffe, and

finished little changed on the day despite edging up slightly on the Autumn Statement. December delivery opened weaker at 86.96 and touched a low of 86.86 before rising to a peak of 86.99 and closing at 86.95 compared with \$7.01

previously.

Day-to-day credit was in very short supply on the cash market. The Bank of England initially forecast a shortage of £1,100m, but revised this to £1,200m at noon.

Total assistance of £921m was provided. An early round of help was offered and at that time the authorities bought £100m bank bills in band 1 at 14-132 per cent. Before lunch another £372m bills were purchased, by way of £37m Treasury bills in band I at 13% per cent; £277m bank bills in band 1 at 13% per cent; £277m bank bills in band 1 at 14%-13% per cent and £58m Treasury bills in band 2 at 13% per cent.

In the afternoon £269m bank bills were bought in band 1 at 18% per cent.

13% per cent and late assistance of around £180m

was provided. Bills maturing in official hands, repayment of late assistance and a take-up of

FT LONDON INTERBANK FIXING CLI 06 Les Nos 6 1 3 montes US dellars

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|---|----------|---------|------------|--|--|--|--|
| The fixing rates are the arithmetic means rounted to the nearest one-scatemath, of the bid and offered rates for \$10s quoted to the market by Five reference banks at 11,00 a.m. each working day. The banks are National Westmissau Bank. Bank of Tokyo, Deutsche Bank, Bankse National de Paris and Morgan Gaaranty Tress. | | | | | | | |
| | MONEY | RATES | | | | | |

| NEW YORK | | | Treasur | y Bills and | Bonds | - |
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| LONDON MONEY RATES | | | | | | | | |
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assistance and a take-up of Treasury bills drained £832m. Irreasury bills drained £832m. Treasury bills death, one-month 138 per cent; three months 134 per cent; draw months 124 per cent. Bank Bills (sell); one-month 138 per cent; three months 134 per cent; draw months 124 per cent. Bank Bills (sell); one-month 138 per cent; three months 134 per cent; draw months 124 per cent; draw months 131 per cent; draw months 132 per cent; draw months

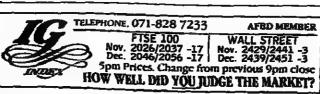
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| for our current views | Tel: 071-799 2 |

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1 Former PM found religion

- 1 Former PM found religion harsh (9)
 6 Square street map held in lap device (5)
 9 Girl I caught in time (5)
 10 Bundled the aged back inside, secure (9)
 11 Before married lad's oil change is refused (10)
 12 We ate outside but not a sickly sweet (4)
 14 Wooded areas containing retreats and shelters (7)
 15 Scene as set for society meetings (7)
 17 Front door to court in Russian timber (7)
 19 Engineers deliver spare (7)
 20 Unfortunate come-back is not recorded (4)
 22 Go until lie trips up old French killer (10)
 25 Everyone admitting support
- 25 Everyone admitting support for Crane's bravery (9) Saw commercial years after
- 27 Coach painter is in the 27 Coach painter is in the money (5)
 28 Trembling people need rum before entering doctor's (9)
 DOWN
 1 Cold animals stand up with
- persuasion (5)
 2 Sun ruined woolly, having
- 30 cover (3) 3 Prince not rising to dance
- (10)
 4 Bantu warriors love us to be irreverent (7)



JOTTER PAD

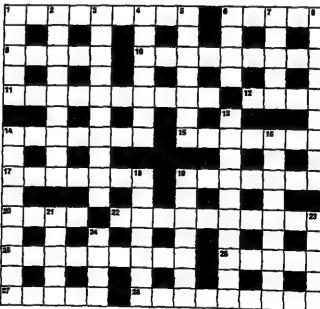
JAPAN

Annual Control of the Control of the

The agreement of the control of the

No.7,389 Set by GRIFFIN

CROSSWORD



5 Runs hose in (7) 6 Plan to have tent erected and left in (4) Crooked eccentric wakes (5)

8 Skill with which twin points Skill with which twin points
on name on envelope (9)

13 Quick-tempered fool's in
pain, toe broken (10)

14 Cashier has answer to clue
"provides cosy glow" (9)

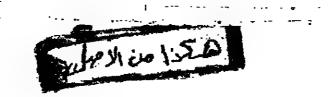
16 I get Clara to remove gristle
(9)

(9)
18 No one died, including a relative, when intimidated (7)
19 Passed on by the Spanish, always in colour (7)
21 Very bad middle class house

(5) 23 Quits flat on Southport front (5)
Putting one in a vehicle is fulfile (4)

Solution to Puzzle No.7,388

CEAGE SEDEMADE
N N R P V L G C
FORESAR EXOTICA
ROPE CUNTERNIGHT
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ACULTY
L R R L O S D
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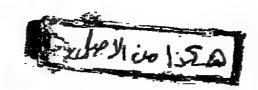


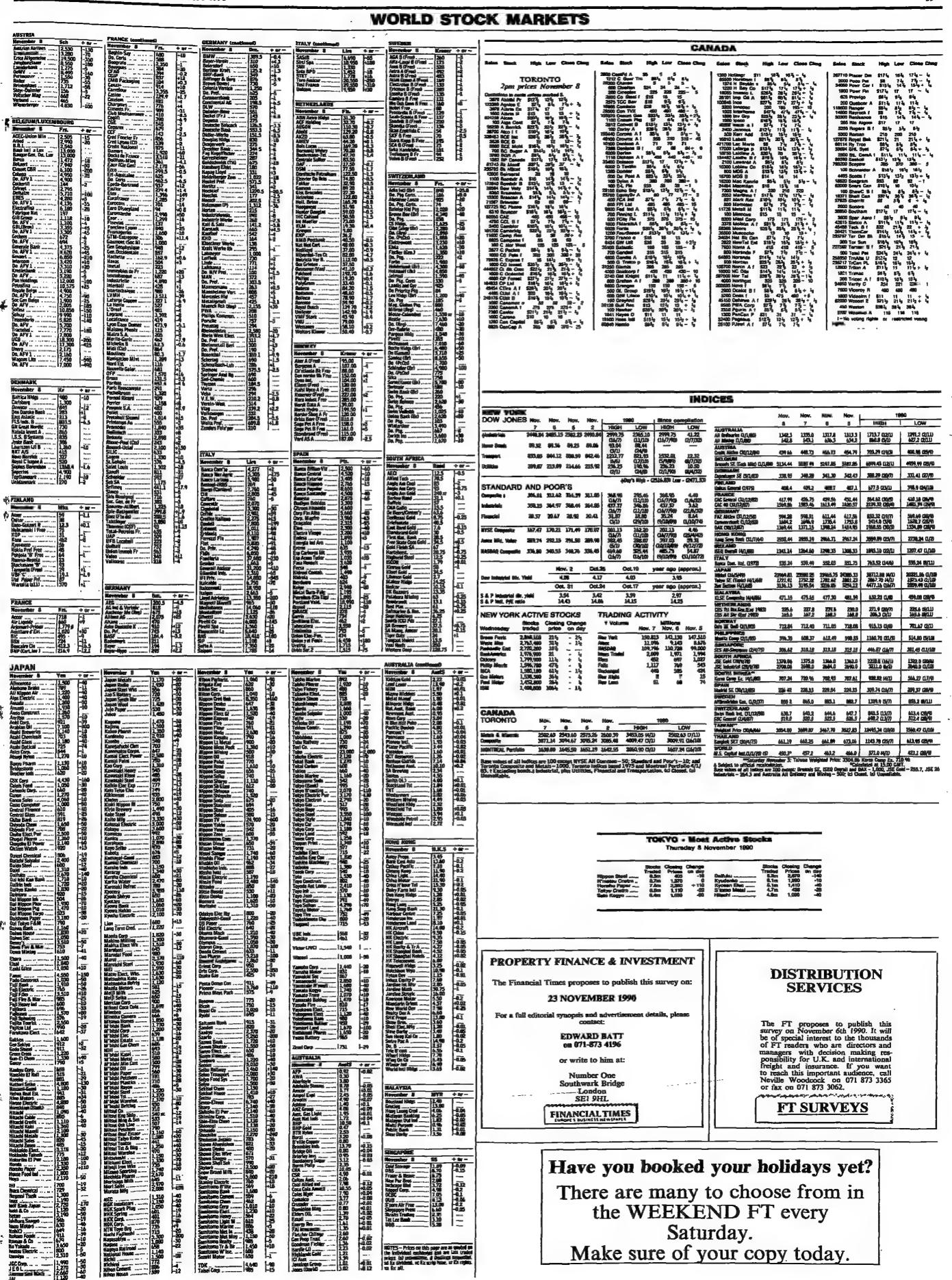
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Individual stocks moved by results and reports

SHARP MOVEMENTS in individual share prices following corporate news enlivened a dull morning on Wall Street. which saw equities turn nar-rowly mixed by midsession yesterday, writes Karen Zagor in New York.

At 1.30 pm, the Dow Jones Industrial Average was up 2.23 at 2,443.07 in fairly thin trading. On Wednesday the Dow had lost 44.31 to 2,440.84. The overall tone of the mar-

advancing issues leading those declining by four to three. At 12 pm, the Standard & Poor's 500, which is considered a more representative measure of market activity than the Dow, had added 0.36 to 306.37, while the American Stock Exchange Composite was off 0.49 at 289.25. SmithKline Beecham

plunged \$4% to \$46% in very heavy trading after the com-pany turned in its third-quarter results. Although pre-tax profits rose 30 per cent in the three months, sales from continuing operations alid 3 per

NCR soared \$7% to \$55% on reports that the company is discussing the merger of its computer business with Ameri-can Telephone & Telegraph. Shares in AT&T slid \$% to

higher, on reports that the company, along with Waste Management, had tentatively settled class-action suits which

posal companies with price-fixng for container-refuse service. The issue gained \$1 to \$22% in active trading after plunging more than \$7 in two days. Waste Management improved \$% to \$32%.

Motorola dropped another \$1% to \$53% after a number of analysts cut their earnings estimates or downgraded their investment ratings for the

NYSE volume Daily (million)

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company. According to Mr Michael Gumport, an analyst at Shearson Lehman Brothers, there is "no reason to believe that earnings would be surpris-ing good. Mr Gumport reduced his fourth-quarter pro-jections to 97 cents a share from \$1.12. In the fourth quarter of 1989, Motorola posted net income of \$1.10 a share. Uplohn rose \$% to \$37%. The Food and Drug Administration has given the company permisfor treatment of panic disorder.
A number of bank stocks moved higher, including Citicorp, which added \$% to \$12%, Chase Manhattan, up \$% at \$10%, and Chemical Bank, rising \$% to \$11%. Unlisted stocks were essen-

tially unchanged, with the NASDAQ Composite adding 0.34 to 337.14. The secondary market received some support from falling oil prices. Apple Computer gained \$1% to \$34%.
Cisco Systems jumped \$5 to \$35. Late on Wednesday, the computer manufacturer posted a rise in first-quarter net

Canada

TORONTO extended its losses in quiet midday trade as the composite index lost 18.5 to 3.052.6 on volume of 22.38 shares. Declines led advances

Consumers' Gas soared C\$2% to C\$33.50 and GW Utilities C\$2 to C\$33.50 and GW officies C\$2 to C\$34.50 after the Ontario government approved a takeover bid for Consumers' by British Gas. GW owns 82 per cent of Consumers'.

per cant of Consumers'.

Northern Telecom slumped C31% to C328% after it said it would make an agreed hid for the 73 per cent of STC of the UK that it does not already own. "The concern is that Northern Telecom is going to have to pay about C\$3.5bn... at a time when interest rates are high and the economy is slowing down," said Mr Ira Katsxin, an analyst with Richardson Greenshields of Canada.

Nikkei falls below 23,000 as Gulf tension increases

sion to market Xanax tablets

RENEWED Gulf fears unnerved the Tokyo market yesterday, with the Nikkel average suffering its third con-secutive fall to close down 580.44 at 22,969.81. Further declines in bond prices and a weaker yen added to the sell-ing pressure, writes Emiko Ter-

osono in Tokyo. Shares tumbled from the opening, led by heavy selling in the futures markets, on news that the UK prime minister, Mrs Margaret Thatcher, had advanced the prospect of military action against Iraq if it did not withdraw from

Higher crude oil prices and the fall on Wall Street contrib-uted to the pessimism as the yan closed at Y129.45 against the dollar, after the previous day's Y127.55, and bond yields rose 0.07 to 7.885 per cent. The Nikkel opened at 23,444.03 and fluctuated around 23,000 after a day's low of 22,833.71. It has lost 5.8 per cent in the last three days, and is below the 28,000 level for the first time since October 12. Volume remained low, at

360m shares, as institutional investors stayed on the sidelines. Losses outnumbered gains by 823 to 138, with 106 issues unchanged. The Topix index of all first section stocks dropped 30.41 to 1.721.91, and in London the ISE/Nikkei 50 index declined 8.94 to 1,277.54 Ms Benedicte Ivey, at Crédit Lyonnais Securities, said that 23,000 had been seen as a market support level, but that traders were being forced to look below that. Yesterday was

also the expiry day for Novem-ber options, and this definitely

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increased options-related sell-ing in the market," she added. Individuals were prompted to cut losses towards the end of the day's trading, adding to the selling pressure, and 31 stocks hit lows for the year. Among them, leading blue chips included Hitachi, Toshiba, Mit-subishi Electric, NEC, Fujitsu and Toyate Motor.

and Toyota Motor. Utilities reacted to the higher oil prices, with Tokyo Electric Power losing Y130 to Y3,170. Oil producers were also weak, but Teikoku Oil, the largest trader in natural gas, advanced Y70 to Y1,190 as Gulf tensions raised expectations of increased demand for the gas. Medium-sized construction impanies were among the few winners in the morning, on belief that the market had not given them enough credit for favourable first-half results. Profit-taking more than erased

Fujisawa Pharmaceutical rose Y80 to Y1,570 on foreign buying. The company had posted better than expected profits growth, due to a steady crease in sales of new drugs. Osaka was also weak, the OSE average failing 505.95 to 26,848.41. Volume decreased from 42.1m to 31.9m shares. One Pharmaceutical expected to feature in the Kitihama regional fund, stayed active and climbed Y70 to Y5,230.

the gains later, however.

Roundup

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WAR TALK left most Pacific Basin markets lower, although Australia managed to respond to good domestic news. HONG KONG heard itself placed first among 29 world markets in projections of earnings growth by Institutional

firm of Lynch, Jones & Ryan, with an estimated gain of 13.6 per cent in the 12 months to September 1990.

However, the market extended its losing streak to a fourth session in thin trading, the Hang Seng index falling 22.75 to 2,932.44 as turnover

rose slightly to HES779m.
SROUL and TAIWAN
reversed Wednesday's gains,
the former's composite index
losing 13.72 to 707.24, and the
latter's weighted index shedding 135.87, or 3.7 per cent, to 3,554.00. Volume was more active in both markets, rising Won297.2bn Won348.8bn, and from T\$49.5bn

AUSTRALIA was optimistic about prospects for further falls in domestic interest rates, enthusiastic about National Australia Bank's results. NAB rose 20 cents to A\$6 on a modest 3 per cent decline in net profits. The All-Ordinaries index gained 7.3 to ,342.3 in turnover down from

SINGAPORE's Strates Times industrial index disped 12.92, or 1.2 per cent, to 1,055.55 as turnover shrank from S\$57.9m to S\$55m. NEW ZRALAND had the Barclays index down 15.73 to 1,292.18, while MANUA lost 2 per cent as profit-taking in oil issues left the composite

dex 12.02 lower at 596.35 BOMBAY responded to the loss of a vote of confidence by Prime Minister V.P. Singh on Wednesday with another rise, although shares ended off their highs as Mr Rajiv Gandhi, opposition leader, turned down a request to form a new government. The BSE index was up 31.00 at 1,412.17 after a day's

92.49 154.48 105.89 93.60

122.35 63.83 99.97 148.53 412.26 101.05 37.05 171.20

118.16 122.26 111.00 128.92 68.75 122.68

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood

Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Local % chg on day

+0.9 +0.5 -1.2 +0.4 -0.4 -2.5 -0.5 -0.4

-1.4 +0.6 -1.3 -1.6

-1.5 -1.3

Dhy. Yield

1.50 3.92 3.80 2.52 4.26 3.57 0.80 5.27 7.83 1.71 3.10 5.35 2.96 3.58 4.00

257,26 105,55 140,41 140,43 120,39 162,89 162,89 133,08 197,77 134,51 49,32 227,89 167,28 167

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Merging Brazilian exchanges face the facts

Victoria Griffith examines the reasons why Rio and São Paulo have come together

HE STOCK exchanges of Rio de Janeiro and São Paulo are proving that there is truth in the old adage: "misery loves com-pany". Battered by low volumes and a feeble economy, the two biggest equity markets in Brazil have decided to get

Mr Fernando Nabuco, presi dent of the São Paulo stock exchange (Bovespa), and Mr Francisco Souza Dantes, presi-dent of the Rio de Janeiro exchange, have agreed to act up a joint clearing and custo-dial company and to combine their computer networks.

On Wednesday this week the boards of the two exchanges approved the arrangement, and met with immediate investor enthusiasm. The dollar-adjusted Bovespa index Jumped 11.2 per cent and trading vol-ume doubled.

According to Mr Nabuco, the move amounts to a merger, since only the floors of the two exchanges will now operate independently. The exchanges

will contribute equally to the new company's capital. The clearing house's administrative headquarters will be in São Paulo, but all high-level mana-gerial meetings will take place in Rio.

Mr Nabuco says the move will save the exchanges \$500,000 a mouth in computer expenses alone. Both presidents hope the added stability stemming from the merger will

has certainly seen better times. From being one of the best performers in the world just two years ago, Bovespa is on its way to becoming one of the worst of 1990. The market's dollar-adjusted index dropped 39.4 per cent in October alone.

In real terms, the São Paulo
stock market index is at its
lowest level for more than 25
years. Volumes have also collapsed, with sverage daily trad-ing levels falling to 600m cru-zeiros (\$5.2m) in October from 2.5hn cruzeiros in August.

indices rebased (\$ terms)

100 FT-A World
80
40 encourage investors.

The Brazilian stock market 2022222222

Janeiro exchange are similarly discouraging. Mr Souza Dantes blames the Collor administration's failure to beat inflation for the recent collapse in equity prices. Latest predic-tions are for a 19 per cent infla-tion surge in November, news which was startling enough to inspire an emergency minis-terial meeting this week. The president of the Rio



interest rates, running at nearly 10 per cent a month in real terms. "The government has not fulfilled its promises of March," says Mr Nabuco, refer-ring to the lack of any signifring to the lack of any significant cuts in government spending since President Fernando Collor de Mello took office.

Although the Brazilian government is now enjoying a surplus these funds were artifi-

plus, these funds were artifi-cially created through a large-scale savings confisca-tion, and do not represent an increase in federal efficiency.
Privatisation, which Mr.
Nabuco had been counting on

to boost the market, has also failed to get off the ground. The government still claims that a few companies will come up for auction over the next few months. But even that does not cheer Mr Souza Dantes. According to the Rio exchange president, the eco-nomic climate is so bad that the businesses would fetch lit-tie, and therefore not contribute much to the market's total

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The only encouraging sign is the Collor administration's apparent willingness to open up the stock markets to foreign participation. Most foreigners currently invest in Brazil through country or regional funds. Mr Nabuco has long been an advocate of deregula-tion to attract investors from abroad. However, with the economy in such a sorry state, it seems unlikely that many buyers will be lining up.
"I am trying to be optimistic," says Mr Nabuco, "but it is
becoming more and more difficult. These are hard times,"

Leading bourses end above lows for the day

TRADING continued to be dominated by the Gulf yester-day, but a few markets ended above their lows as special sit-uations provided some distraction, writes Our Markets Staff.
PARIS ended at its day's high as Wall Street opened only slightly lower, but still finished 13.60 down on the CAC 40 index at 1,569.86 - its fifth successive decline - after a low of 1,549.04.

a low of 1,549.04.

Eurotunnel was the most active stock in terms of volume, seeing 905,300 shares traded. It fell FFr1.50 to FFr41.35, although it closed above a low of FFr40.55, after the previous day's warning that it the Channel tunnel's opening might be delayed.

opening might be delayed.

Arjomari-Prioux, the paner maker, remained suspended after the news that it would take a 39 per cent stake in Wiggins Teape Appleton of the UK in exchange for commercial and industrial are fa.

Construction commences Construction companies

were mostly lower, with Bouy-gues losing FFr20 or 5 per cent gues losing FFr20 or 5 per cent to FFr284, but Auxilaire d'En-treprises gained FFr30 to FFr1,020 after two blocks total-ling 68,550 shares or 1.7 per cent of its capital were traded at FFr1,018 each. In the car sec-tor, Peugeot regained FFr3.90 to FFr483; the company later announced a 6.6 per cent rise in non-month sales.

Péchiney International, which has said that second half profits this year should be slightly higher than in the first half, recovered from FFr116 to close FFr2 down at FFr121. FRANKFURT opened 1.6 per cent down, but bargain-hunters came in and the DAX index closed only 1.71 lower at

1,369.44 after a midsession fall of 4.23 to 594.28 in the FAZ. Within market hours, the main corporate news con-cerned Asko, which is close to a takeover deal for the Co-op group of food stores. Asko rose another DM12 to DM910 ignoring, said one observer, what the German cartel office might think of the deal.

Just after hours, Veba showed the distaff side of com-bining power generation with

SOUTH AFRICA

GROWING nervousness over the situation in the Gulf pulled Johannesburg stocks slightly lower, with the all-gold index easing 5 to 1.370. South African Breweries rose 75 cents to R37.50 after the previous day's interim results.

158.31 285.63 180.02 153.61

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174.18 148.43 145.62

127,56 48.15

202.34 147.24 151.50 128.54 158.07 85.00

124.91 172.38 107.82 116.03

211.06 125.39 129.68 93.12 115.34 156.63

124.26 74.99 172.92 155.22 166.67 156.44 173.83

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103.79 158.49 105.99 104.75 199.00 78.76 109.79 68.35 120.49

1753,78 102,89 42,64 179,56 123,26 132,01 104,10 140,93 70,87

93.86 103.90 107.42 112.17

158.83 158.49 108.72 105.59 96.28 104.75 189.82 199.00 81.67 78.76 108.50 109.79 88.35 83.35 127.25 85.66 70.81 102.85 107.94 182.80 205.80 424.10 1753.78 103.95 102.85 103.95 102.85 123.25 123.25 123.25

121.56 125.77 114.19 132.63 70.74 126.19 97.04

107.98 103.89 96.94 93.36 91.17 104.04 96.34 100.56

0.3 to 93.3. Royal Dutch dropped FI 2.20 or 1.7 per cent to a year's low of FI 129.70. Unilever, the food-to-determine for the food-to-determine f

activities in the chemicals sec-tor. Pre-tax profits for the first nine months fell by 124 per-cent, at the low end of expecta-tions according to Mr Murray Burford of the Nomura Research Institute in London, and leaving a question for the shares to answer today. Vester. shares to answer today. Yesterday, they fell DM2.50 to DM294.

Among second-liners, SEL rose DM7 to DM290.50 for a three-day gain DM25.50. The telecommunications manufac-turer is 85.9 per cent owned by Alcatel NV, itself shared between CGE of France and ITT of the US.

Its rise was seen either as speculative, on the thought that the minority might be bought in, or as reflecting the contracts awarded to Alcatel for the rebuilding of East lermany. AMSTERDAM was disap-

pointed with Royal Dutch's third-quarter results, which exacerbated earlier worries about the Gulf crisis – following Wednesday's comments by the UK Prime Minister — and Wall Street's overnight decline. The CBS Tendency index essed contever, the tool-to-taker-gents conglomerate, fell Fl 1.90 to Fl 142.90 before announcing quarterly results today. Philips edged up 40 cents to Fl 19.20 amid speculation, denied by the company, that it might sell its 80 per cent stake in Poly-Gram, the music publisher. PolyGram alipped 10 cents to STOCKHOLM fell for the

10th straight day, the Affärsvärlden General index off 9.8 st. 855.2, 1.1 per cent down yesterday and 9.7 per cent lower over the matter. the past 10. Turnover dropped from SKr292m to SKr178m.

from SKr252m to SKr178m.

Shares in the Gota banking group were suspended at the company's request after a SKr6 rise to SKr100 in the first half hour. The group said that trading would be frozen until further notice, but offered no further explanation, fuelling speculation that SPP, the insurance group which lifted insurance group which lifted its Gota stake to 48 per cent two months ago, would be

coming back with a hid. BRUSSELS saw the cash market index down 51.05, or 1 per cent, at 5,134.44 in volume

of HFr584m.

The retailer, Delhaize, rated a short-term sell a week ago by Mr Simon Raggett of Williams de Broš, fell 2.2 per cent to BFr5,740, reflecting the weakness of the dollar and the fact that Frod Lieu a US superment. that Food Lion, a US supermar-ket story, accounted for 79 per cant of group net profits last The travel and tourism

stock, Wagons-Lits, plunged 7.3 per cent to BFr7,450. Brokers said that it had lost its speculative appeal after the settlement of a shareholder row. MILAN hit another 1990 low

in thin trading, the Comit index falling 4.28 to 535.24; some estimates put turnover below L100bn after Wednesday's L149bn. Fiat shed another L91 to L5,820 but there was some late strength in banks, said Mr Sam

van Holthe of Istituto Bancario San Paulo di Torino. BCI closed officially at L4277, but it put on L48 to

MADRID slipped in continued thin turnover, with the general index falling 2.11 to

Banesto eased Pta65 to Pta2,875; the bank has bid Pta14.85hn for 25 per cent of Carburos, in which it already owns 17 per cent. In addition, the Bank of Spain said that it would allow Corporacion Banesto, the bank's industrial arm, to provision its portfolio osses against reserves

Construction stocks were weak, with Asland down. Pta150 or 4.9 per cent at-VIENNA's bourse index fell

8.90 to 502.71 on fears of a Gulf war and higher oil prices, with banks and breweries among the worst hit stocks.

The banking sector and industrials also led ATHENS

lower, with a decline of 55.72 or 6.2 per cent in the general index to 839.70. ISTANBUL's index dropped 211.15 or 5.3 per cent to 3,795.65 as turnover shrank to TL22.2bn from the previous day's modest TL36.8bn.

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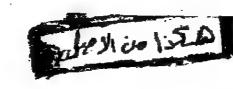
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RECRUITMENT

JOBS: Personality analysis can help candidates and employers to overcome damaging habits

ERE IS a question for you." Rowan Bayne told the 100 or more people in his audience. "Let's see how you react to it."

9 1990,

Consideration of the second of

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Whereupon, jumping down from the platform, the psychologist from East London Polytechnic unveiled the slide beneath the overhead projector. Up on the screen flashed:

What is most important about setting goals?

His audience's reactions fell into his authence's reactions fell into two distinct patterns. Most people there craned forward eagerly, and began silently listing things on their fingers. For instance, a woman in the front row told me later she had awarded ton place to woman in the front row told me later she had awarded top place to getting the time-scale right, followed by ensuring that the goals set were within the power of the people supposed to achieve them.

The Jobs column was among the few who reacted differently.

the few who reacted differently. Far from being stimulated by the question, we in the minority saw it as of little or no consequence. The only important thing about goal-setting which I could think of, for example, was that the goals should be loosely defined and flexible. The starkly divided response

was just what Dr Bayne wanted. For the first aim of his talk at the recent conference of Britain's

How to behave winningly in interviews Institute of Personnel Management was to explain the workings of one of the world's most widely used personality tests: the Myers-Briggs Type Indicator.

psychologist Jung, it holds that every personality is a combination of four main dimensions. Each of the four can be pictured as a line divided in the centre, with people either on one side or the other, the best known division being between inward-looking introverts and

outgoing extraverts.

But it was a second of the four divisions - between judgers and perceivers - that was brought out by the question about setting goals. by the question about setting goals. The people stimulated by it are judgers. They like to form clear-cut views of issues, plan ahead and decide things, thinking it more important to make a decision than to improve the criteria or data on which it is made. The Jobs column and the others who were left cold. and the others who were left cold by the question are perceivers who, when presented with an issue, are far keener to examine it in greater detail than to make a decision

whole, judgers and perceivers are split 50/50. But it was scarcely surprising to find decision-addicts in the majority at a conference of managers. It is a fair bet, too, that Rowan Bayne's audience was heavily weighted towards one end of a third division which also cuts the general population into two equal halves: the split between thinkers and feelers.

Managers are typically thinkers, being ruled mainly by their heads in the conduct of life's affairs including their relations with the rest of humanity. Feelers are ruled more by their hearts, paying less heed to logic than to their own and other folks' emotions.

Simple view

The last of the four divisions is between sensers and intuitives. Sensers believe that the world is precisely as it presents itself to their eyes, ears, noses, taste-buds and fumblings. What's more, the simpler the impression it makes on them, the better. Intuitives are convinced that nothing is quite as

it seems, and that established beliefs are perennially in need of imaginative revision.

Managers, who mostly take the simple view, are in the majority party because there are three sensers on earth for every intuitive. On another dimension, however, managers are in the minority. They tend to be introverts who as a shale one extravely and the sense of the sense o whole are outnumbered three to one by extraverts.

So, as a general rule, companies are run by introverted sensing thinking judgers — and that applies in every one of the many countries where Myers-Briggs tests have been conducted. By contrast, parsons and the equivalent are canonically extraverted intuitive

feeling perceivers.
That does not mean managers are incapable of acting like parsons or vice versa. Whichever side of any division we are normally on, most of us can use the opposite

manner even though clumsily.

An idea of the difference the switch makes to our operations can be gained by first signing your name with the usual hand then doing likewise with the other. The

City

result of the second go may well be more legible, but it is hard work to produce and neither feels nor looks natural.

Even so, the ultimate object of Dr Bayne's exercise was not to encourage his audience to try living out of their accustomed trees. His aim was to help them to become better innerviewes.

Every side of every division has weaknesses as well as strengths, he said. So by becoming aware of their normal modes and the attendant faults, interviewers can cut the risk of being middled by their had belifte

faults, interviewers can cut the risk of being misled by their had habits. What is more, he agreed that the same learning process can work the reverse way round, to the advantage of the people being interviewed as job-candidates or whatever. By relating their own make-up to that of the person on the other side of the desk, they will have a better chance of influencing the indement in their favour.

the judgment in their favour.

To do it successfully they will need to rehearse behaving in the opposite of their usual modes. For the fundamental rule is to identify the interviewer's normal stance on each of the form dimensions and each of the four dimensions, and

give the impression of notining the same positions. While opposites may attract occasionally, they do so far less often than similarities. Indeed, when we praise other folk for having "empathy", it is odds on that we're really saying they are much like ourselves in personality.

Percentage game

A snag is that, if the interviewers are experts in their craft, they may be deliberately looking for recruits unlike themselves. But as such experts are rare, the percentages still favour similarity.

Beyond that, the best tactics will vary with the strengths and flaws of the interviewer's particular type of personality. Rowan Bayne lists the permutations as follows:

Extraverts tend to be good at establishing rapport, sizing up the situation quickly, thinking as they go along, and exploring a wide range of issues. On the other hand, they often talk too much, neglect to listen, and impulsively disclose too much about their own position. mirror image. Good listeners who

think before speaking and probe a few issues deeply, they are slow to size things up and unresponsive.

Sensers are acute observers of detail, practical-minded and planned in approach. The trouble is that they tend to get bogged down in their plan as well as to miss the wood by focusing on the trees. Intuitives typically gain a clear picture of the wood at the cost of

not only overlooking a good many of its trees, but seeing some that aren't there. They are swift to spot intriguing lines of exploration, which are occasionally relevant.

Thinkers excel at maintaining a

businesslike atmosphere and being objective in judgment. Alas, they often appear cold and calculating.

Feelers' greater warmth does

not always prevent their subjective responses from seeming dogmatic. Although fostering a free-wheeling atmosphere, they can find it hard to cope if conflict arises.

Judgers are efficient and decisive. But they are prone to ask closed questions and make up their mind prematurely.

Perceivers keep the discussion open-ended and collect masses of

information - so much so that they tend to go on collecting it long after the meeting was due to end.

Michael Dixon

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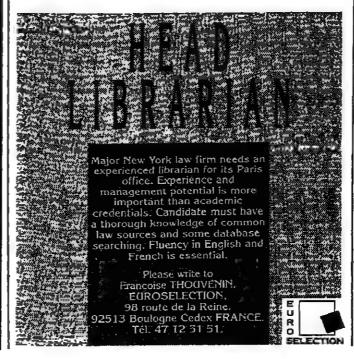
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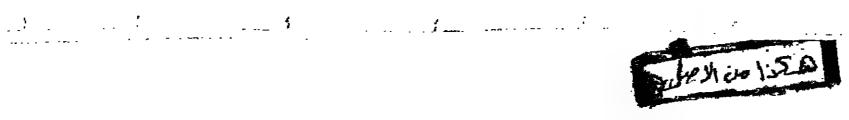
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FINANCIAL

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ACCOUNTANCY COLUMN

Lingering Andersen unrest reappears in Spain

By David Waller in London and Peter Bruce in Madrid

IT IS two years ago this month that the decision was taken to split Arthur Andersen into two separate business units: one for consulting, the other for audit and tax

The move, it will be remembered, followed a sustained period of unrest in the firm, culminating in the depar-ture of the head of the consultancy business in the US and a number of his semor colleagues.

The original split came because the firm's consultants were unhappy with their lot. Two years later, Andersen's consultants in one of the world's fastest-growing markets for consultancy and accountancy services are still

That market is Spain, where the recent implementation of the European Commission's Fourth Company Law Directive has led to a stampede in demand for the services of the Big Six international accountancy firms. Andersen first diversified away from the US in the late 1950s, opening offices first in London and Paris and ently in Spain, Italy and other parts of Europe. The firm's Spanish practice was started in 1960 and has been tremendously, successful. Whereas Andersen has had difficulties in establishing itself in countries with a strong accountancy profession, such as the UK, it is the undisputed market leader in Spain, with annual revenues of some Pta25bn (US\$255m).

For much of this summer, the nor-mally tranquil world of accountancy in Spain has been treating the nation to a rare and entertaining scrap. At the centre of the dispute is Mr Luis Recio, until recently managing part-ner of Andersen Consulting in Spain.

Together with two other partners, Mr Recio launched a buy-out bid for the consultancy operation in July. The bid failed, but legal battles continue and the affair seems likely to reach a crescendo in coming weeks.

The story began last year when Arthur Andersen España implemented the strategy decided in November 1988 and split its successful consulting business from the auditing operations. Mr Recio, who has worked for Andersen for 23 years, had been managing partner of the consulting operations for many years. The impor-

For much of this summer, the normally tranquil world of accountancy in Spain has been treating the nation to a rare and entertaining scrap. At the centre is Mr Luis Recio

tance of consulting can be gauged from its turnover of Ptal6bn, twice the size of Andersen's Spanish audit-

ing husiness.
As a newly independent operation, Andersen Consulting in Spain needed to sign an agreement with Arthur Andersen SC, the Swiss-based interna-tional firm which straddles both Andersen's strategic business units and in which every Andersen partner has a stake. The agreement would govern the price the new consultancy would pay for using Arthur Andersen consulting software and expertise. That was when the rot set in, according to Mr Recio.

Mr Recto, who together with two other dissident partners owns 25 per cent of the consulting business, said earlier this week that the interna-tional operation wanted to take about 20 per cent of the Spanish consultancy's turnover in fees. "This U\$\$30m in no way corresponds to what they put in," he claims, "putting us in a precar-

ious situation. The direct consequence of Mr Recio's dissatisfaction was a takeover hid for the consultancy backed by Prosegur, a flourishing, quoted secu-rity group. The offer valued the consuitancy at Pta10bn but such a large amount of money was not enough to tempt a majority of the pariners to accept the bid. The offer lapsed.

Internecine legal battles ensued, in which Mr Recio and the two dissidents tried to have their sharehold-

ings bought out at a price reflecting the Prosegur bid. Andersen wanted to pay only the nominal value of the three partners' 25 per cent stake. Mr Recio and four other partners

signed. The latest legal tussle concerns

Arthur Andersen y Cia Sociedad Reg-ular Colectiva, a partnership Mr Reclo has asked the courts to dissolve. Meanwhile, Mr Recio and friends have been excluded from the partnership. Vernon Ellis, the firm's Londonbased head of consulting for Europe, says the affair is a side-issue, given that AA & Cia SRC is not an operating business but merely provides computer and technological vices to other parts of the practice. The court will rule in a fortnight.

Recriminations fly thick and fast,

"He is trying to sow confusion in the

market," one partner said of Mr Recio. For his part, Mr Recio says he will "fight to the end" - or at least until he and his two friends are paid a market rate for their shares in the consulting business. They believe their stake is worth \$25m, which they want to invest in setting up their own

Mr Ellis is emphatic that this is a uniquely Spanish affair, with no wider implications for the Arthur Andersen organisation two years after its radical restructuring. He takes great comfort from the fact that the

The firm must be worried that one of the jewels in its European crown should be riven by public turmoil, and that a third of the consultancy partnership should have departed

majority of consulting partners voted to stay with the firm, in spite of the hare of substantial capital gains.

The managers and staff saw this

as an attempt to sell their future down the river," Mr Ellis said. "The idea of selling off the future profits stream for a capital sum cuts against the firm's philosophy, and that is why the great majority of part-ners voted against the takeover." In spite of Mr Ellis's insistence that

this is a local issue, the firm must be worried that one of the jewels in its European crown should be riven by public turmoil, and that five partners (a third of the consultancy partnership as at the end of 1989) should have

Moreover, the affair shows that tensions between consultants and auditors still exist, in spite of the restructuring. The firm was restructured in order to harness the dynamics of businesses with differing investment equirements and degrees of prosperity in Spain, where consultancy was twice as large as the audit practice and where the firm is market leader, those tensions lay behind Mr Recio's

Also at issue is the relationship between the local business and the centre. The big firms are trying with varying degrees of sophistication to become "transnational" organisations, in business school jargon. That means building an international capatillities. bility out of a network of businesses rooted strongly in their local markets. However, if the local business gets too strong, "things fall apart, the centre cannot hold, mere anarchy is loosed

ir is undoubtedly a victory for the Andersen methodology that the majority of partners resisted the temptation to take the money and

But, as the Spanish affair proves, there is enormous capital value locked up in Andersen's consulting business. It is inevitable that, from time to time, the current generation of partners will tire of their role as custodians of the business for future generations. Driven by quite normal commercial impulses, they will try to

sell up.

That way lies the eventual fragmen tation of Arthur Andersen.

Hartwell pic

INTERNAL AUDIT MANAGER

We are a major motor group with both car and truck operations in the U.K. As a result of the recent acquisition by the Jameel Group the above position has been newly created and is to be based in the Oxford area. The Jameel Group is a successful and substantial international group with operations in Saudi Arabia, the United States and Europe.

We are looking for a high calibre qualified accountant with audit experience, preferably within the retail environment. The successful candidate will work closely with top management to enhance the group systems and ensure effective financial control and strict compliance with group policies within each of the numerous operating branches.

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Finance Director's role preferably in a multisite environment. You will be fast on your feet, used to making sound business decisions and with the strength of character to influence your Board colleagues. You will be a good communicator and have the force of personality that combines diplomacy with a cutting edge to identify business opportunities and to contribute significantly to their implementation and

In return the salary and benefits package are substantial and will include generous relocation assistance where appropriate.

If you believe that you have the drive and determination to match our client's stringent specifications, please write in confidence with career summary and salary details to Hilary Campbell quoting reference HC/939.

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For an eminent group with businesses throughout the UK. Recent performance has been impressive and further significant growth from the current £200m. turnover is planned.

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You will be a graduate accountant, with at least five years in a senior position within a sizeable and decentralised organisation. You will have made a significant contribution to business development and will be experienced in acquisitions and the associated dealings with financial institutions.

In addition to the advertised salary, there is a generous performance related borus that could, an recent evidence, result in total earnings exceeding stx figures.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd., Kirtyre House, 209 West George Street, Glasgow G2 21W, quoting reference P202 on both envelope and letter. As individual applications will be discussed with the client, please indicate companies to which your details should not be made available.

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD 3 London Wall Buildings, London Wall, London EC2M SPJ Tel: 071-588 3576 Telex No. 887374

A demanding position - with scope to become Financial Director in 3-9 months



FINANCIAL CONTROLLER -

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This vacancy calls for accountants aged 32-48 CA or ACCA who will have acquired at least three years' financial accounting experience in a successful airline or similar service organisation utilising advanced accounting and computerised costing methods, at least one year's experience must have been at Financial Controller level. Responsibilities will cover the total financial control with special emphasis placed on capital project appraisal, cost analysis on all operating costs and their reduction, and revenue generation aimed at increased profit margins. Up to 15% travel will be necessary. The appointed candidate must be an able negotiator with sufficient commercial talar and interpersonal skills to warmant promotion to Financial Director in 3-9 months. Initial salary negotiable £36,000-£45,000 plus car, contributory pension, free life assurance, free family BUPA and subsidised airline family travel. Assistance with relocation expenses if necessary. Applications in strict confidence under reference FC203/FT to the Managing Director: ALPS.

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Two exciting new appointments with a rapidly developing major industrial group

National Power PLC is Britain's largest generator of electricity and is one of the most exciting prospects in British industry today. The Company, as one of the successors to the Nationalised Electricity Industry, is facing a challenging future adapting to the new competitive market in electricity supply.

With privatisation planned to take place in February 1991 our new and dynamic Finance team is now largely in place and is led by individuals from the UK's top blue chip PLCs. Two financial management opportunities have now arisen to join this team in key positions offering outstanding salary and benefits packages and extensive future development prospects within both financial and operational

Finance manager – accounting

Central London to £35,000, car and benefits

This broad based role will include considerable involvement in the privatisation process, the management of the finance function, review and comment on management reports, improvement of management information systems and financial controls within the Group, in addition to treasury exposure and

For this opportunity the Group is seeking a graduate qualified accountant, likely to be aged 28-35, from a large public practice firm or industry.

Finance manager - property

Central London to £35,000, car and benefits

To maximise the benefits from the Group's investment in property and land, a Finance Manager is sought to take responsibility for appraising investment and business opportunities, controlling project expenditure, budgeting and producing management reports. The finance Manager will be supported by a small Finance team and there will be extensive contact with both financial and non-financial management at Group and Operational level.

The Group is seeking a graduate qualified accountant, aged 28-35, with several years industry experience. You may have qualified inside or outside practice, but commercial experience is essential and familiarity with investment appraisal would

For both these apportunities you should be an ambitious and self-motivated individual with strong communication skills, who is keen to make a contribution to, and reap the benefits, within this rapidly changing and developing organisation. For further details and a confidential discussion, please contact Mark Masson CA on 071-387 5400 (out of hours on 071-372 5952/0474 874473) or write to him at FINANCIAL SELECTION SERVICES, Drayton House, Gordon Street, London WC1H GANL Feet 071-388 0857.

As an Equal Opportunity Employer, National Power welcomes applications from men and women including ethnic minorities and the disabled.



National Power

WEST MIDLANDS

c.£35,000 + CAR

WING THE CONTINUE OF THE PARTY OF THE PARTY

New facus has been given to this well established 520 million turnover light/medium engineering business as a result of awnership now being in the hands of a progressive engineering based group. Development plans dictate that the finance function should receive higher profile and as a result a strong financial controller is now needed.

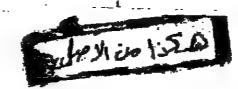
Reporting directly to the General Manager on site, emphasis in the new position will be placed upon upgroding the management information systems, establishing a costing system using the group model and taking a full part in the management and development of the company Cash control and budgeting will also form an important part of the brief.

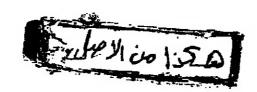
You will probably be around 35 years of age, a qualified accountant with extensive experience of computerised

systems implementation in a manufacturing environment. A knowledge of US reporting requirements would be an advantage.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Eliatt, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 43 Temple Row, Birmingham, B2 5.JT, quoting reference JESO.







FINANCIAL TIMES FRIDAY NOVEMBER 9 1990

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BUSINESS AUDITOR/CONSULTANT

Fast Track Career with Dynamic Finance Group West Midlands

C£30K + CAR HIGHLY VISIBLE role. Autonomy and Variety. Sophisticated Systems/Methods. Professional, Multi-Disciplined Environment.

An opportunity has arisen in this diverse and prestigious finance group creating the need for an additional action oriented, innovative Business Auditor/Consultant, ideally with an accountancy profile.

Working in a small, well qualified team, you will be controlling key business and systems projects covering the whole spectrum of the company's activities including policies, management controls, resourcing and special investigations such as acquisition studies.

You will need strong analytical and problem solving skills together with the ability to produce meaningful and well-reasoned reports. Aged 28-33 you will probably have a relevant degree plus an accounting and/or MBA qualification.

In return you can expect rapid promotion prospects and an excellent benefits package, including subsidised mortgage, non-contributory pension, company car, plus relocation assistance, where appropriate.

Please telephone for an application form or send a detailed CV quoting reference: PBM/4457/VC to: Vic Chivers, PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Telephone: 021-454 5791.



Creating Business advantage

Financial Accountant

Lloyd's of London Press Limited, the world's pre-eminent maritime publisher, are seeking a commercially aware qualified accountant to join them in their Colchester offices.

Reporting to the Group Finance Controller, you will be responsible for the preparation of all monthly management and financial accounts. Whilst not mandatory, experience of preparing consolidated statutory accounts would be an asset.

The successful applicant will have at least three years post-qualification experience, preferably within a commercial environment. An excellent communicator, you will be able to relate directly to executive management. The Company has recently installed state of the art E.L.S. software, and you will play a key role in the implementation of this system.

Remuneration package includes an attractive salary, car, non-contributory pension and subsidised restaurant. Please reply enclosing a full C.V. to:-Mrs. L.A. Hilliard, Personnel Officer, Lloyd's of London Press Ltd., Collwyn House, Sheepen Place, Colchester,



Essex CO3 3LP.

European Treasurer

c.£40,000 + car

This brand new position is an exceptional opportunity. You will join a small, strategic HQ team, recently established by a high-profile global corporation, to co-ordinate and develop its substantial pan-european operations.

As European Treasurer you will build the operational framework for a full range of treasury activities covering currency hedging, monetary and banking policy, corporate funding and investment planning and control. Your success will rely heavily on establishing effective and influential relationships, throughout a diversity of european subsidiaries, joint venture partners and international banks.

An ambitious, qualified accountant, you will already have gained extensive treasury experience, including personal involvement in banking negotiations, within the arena of an internationally focused business. Now ready to take on the No.1 slot, with the drive and initiative necessary to create rather than operate, you will grow rapidly into the full dimension of this role.

Location: City

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Please reply in confidence, quoting Ref: 131/MM Margaret Mitchell FCCA, Grace & Templar, Equatoria Court, 36 Galena Road, London W6 OLT. Tel: 081 741 2122 Fax: 081 741 0512



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Management Accountant

As a result of its rapid expansion in Europe, this international manufacturing company now seeks a mature Management Accountant. Reporting to the Finance Manager and Company Secretary and heading up a department of 20, you will be providing a service which includes cash flow forecasting, variance analysis and the introduction of management/budgetary reporting systems. Ref: 02120

Contact the Manager, 8 The Town, Church Street, Enfleld Or the PQE Specialist advising on this appointment on 0923 50350

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Interesting and varied project work is offered by this major citybased merchant bank. As Special Projects Manager your assignments will cover a diversity of areas and will include significant involvement in potential acquisition analysis. The role will involve control over a specialist team with liaison up to Director level within the Bank. Benefits will include mortgage subsidy and company car. Ref: 18003

Contact the PQE Specialist advising on this appointment 6th Floor, 76 Cannon Street, EC4 071-489 9997

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REED... accountancy

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Central London

Recognised as one of the leading and most prestigious names in the highly competitive energy sector, this organisation has consistently achieved impressive levels of profitable growth. With international markets presenting further opportunities for development the need for a high profile financial planning function is vital.

In order to meet the objectives that have been set they are now seeking to further strengthen this area with the appointment of a highly commercial and creative Accountant to work within this department.

Reporting to the Group Financial Planning Manager the position works closely with Senior Management across all areas of the business on key strategic issues and capital expenditure programmes. The position will be responsible for providing comprehensive analysis and advice on many commercial issues that will directly affect the company's future growth.

c £35,000 + Car + Benefits

A qualified Accountant he/she will have gained at least 3 years PQE working within the Planning/Analysis department of a large multinational Group. Relevant sector experience is not essential, however the ability to assimilate information and communicate persuasively at board level are

Career opportunities are outstanding and will be limited only by personal ability. A full Executive benefits package is provided which includes a competitive salary, fully expensed car, profit sharing scheme, pension and 30 days annual leave.

Interested applicants should contact Simon Hewitt on 071-437 0464 (fax 071-437 0597), or write to him, enclosing a detailed CV, at the address

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RECRUITMENT CONSULTANTS Queens House 1 Leicester Place London WC2H 7BP Telephone 071-437 0464

ASSISTANT GENERAL MANAGER

AUDIT AND COMPLIANCE

Excellent Salary and Executive Benefits Bournemouth

The Portman Building Society is the largest regional Building Society operating exclusively in the South of England. Diversification and growth have resulted in expansion into residential development, estate agency and financial services. In order to maximise the effectiveness of the audit and compliance function within our growing business we are seeking to appoint a talented professional to head up our existing teams.

This new Senior position requires a candidate with exceptional skills who can manage and motivate staff in every aspect of internal audit and compliance, (including computer audit). The successful person must be able to demonstrate extensive knowledge of both aspects of the post, and be capable of using their initiative and professional experience to ensure the continued development of existing management and control systems, especially in areas of high risk. A thorough understanding of regulatory requirements, encompassing the Building Societies Act, is necessary in order to fulfil and develop this

Candidates should be highly motivated individuals with an appropriate accounting qualification, who have gained relevant experience in a service industry, ideally in a building society or other financial institution. Leadership, enthusiasm and excellent communication skills should be coupled with an analytical mind and a thorough understanding of the technicalities of this rewarding post.

demanding role and ensure that full compliance is maintained.

In addition to a competitive salary we offer a company car, subsidised mortgage and an attractive benefits package which will include relocation assistance where appropriate.

Interested and suitably experienced candidates should write with full cv quoting current salary to Bernard Dixon, Assistant General Manager, (Personnel and Training), Portman Building Society, Portman House, Richmond Hill, Boumemouth, Dorset BH2 6EP. Telephone 0202 292444.

BUILDING SOCIETY

FINANCIAL CONTROLLER

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Send C.V. to the Directors: THE FLYING MUSIC GROUP ple, FM House, 110 Clarendon Road, London W11 2HR.Tel: 071-221 7799. Faz: 071-221 5016.

MANAGEMENT ACCOUNTANT

Media

London

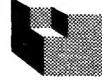
c £30,000 car

Our client, a substantial media group and a major force in its market sector, wishes to strengthen its central reporting team by recruiting a recently qualified Chartered Accountant.

Responsibilities include period statutory reporting, budgeting and forecasting, financial analysis of operating company results and ad hoc project work.

Candidates, in addition to a strong technical background, should have a commercial approach to problem solving, good interpersonal skills and a resilient and flexible outlook. The position is likely to involve some international travel.

Please telephone D. E. Shribman for further details or write to him at the address below.



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FINANCE DIRECTOR DESIGNATE

Brake Bros.

South East Kent

c £40,000 + car

(Frozen Foods) Ltd.

Our clients are the major trading subsidiary of Brake Bros plc, the leading distributor of frozen food to the UK catering industry. As a consequence of their continued growth, they are now seeking to recruit a Finance Director (Designate).

Strong management and interpersonal skills to lead a busy Accounts Department of over 80

An eye for detail whilst maintaining a wide business perspective.

[] Experience to be able to assess, improve and develop accounting, reporting and planning

☐ Maturity and confidence to contribute to both company and group development. The successful candidate will report directly to the Managing Director with strong links to the Group Finance Director, and may reasonably expect a full Board appointment within 12 months. Candidates should be qualified accountants, aged between 35 and 45, have proven management skills and strong systems backgrounds in a highly computerised environment.

Interested candidates should send a detailed CV quoting reference 3171, to Carol Jardine, Touche Ross Executive Selection. 5th floor, 52-54 High Holborn, London WC1V 6RL.



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Stuttgart area

c.DM150,000 negotiable + car + benefits

Our client, part of a major international group, is one of the UK's leading companies in a fast moving sector of the service industry, with an excellent reputation for professionalism and high quality standards. The Company now wants to extend its activities in Europe where there is enormous market potential for its services. The recent acquisition of a small company in West Germany has provided the springboard for future acquisitions and organic growth; the aim is to develop a substantial European business over the next five years.

The Finance Director will liaise extensively with the UK parent company, to fulfil their detailed reporting requirements, working closely with the German Managing Director to control and grow the business in Europe.

Key issues will be the financial evaluation and integration of acquisitions and start-ups. the introduction of standard reporting and control systems across the European operation(s) and financial planning.

The successful applicant will be a qualified accountant with a pragmatic 'hands-on' approach and the ability to communicate at all levels within the organisation. Good German is essential. Professionalism, credibility and strong business acumen are crucial attributes for this high profile role. Career development opportunities with this international Group are excellent.

Please write, in confidence, enclosing full career details to Bernadette Laffey, quoting reference \$9393.

Peat Marwick Selection & Search

70 Fleet Street, London EC4Y 1EU

European Finance Director

c £55,000 + car + benefitsBrussels

As a result of recent and continuing expansion within Continental Europe, this highly acquisitive subsidiary of a leading UK multi-national has recognised the need for a more structured approach to its European operations. As a consequence the company wishes to recruit a highly motivated Finance Director to work closely with the European Managing Director in controlling existing operations and assessing potential business opportunities.

The Finance Director will be responsible for providing comprehensive financial support to the European operation, liaising

closely with the Managing Directors of local operating subsidiaries, as well as playing a critical role in the development of business plans and investment appraisal projects.

Candidates are unlikely to be aged under 33 and will have a recognised professional accountancy qualification and a minimum of 5 years' post qualified experience. They will have at least 2 years' experience in a dynamic multinational service industry and prior exposure to conducting business in Europe. This will include establishing joint ventures and partnerships. The role demands fluency in English

and at least one additional European language and, although based in Brussels, a willingness to travel frequently throughout Europe is

If you are interested in the challenges offered by this position, please write to Charles Ritchie quoting reference D/1114/FT enclosing full CV and salary details **Executive Selection Division** Price Waterhouse Management Consultants No. 1 London Bridge London SE1 9QL Tel: 071-939 3000.

Price Waterhouse



Finance Director - Europe

International Joint Venture in Pharmaceuticals

£ attractive + Car

Home Counties

Du Pont and Merck & Co Inc of the USA, are coming together in a joint venture to create an independent. research-driven pharmaceutical company which will operate on a world-wide basis.

Bringing together the impressive resources of one of the world's largest high technology corporations and the acknowledged research and marketing expertise of a pharmaceutical industry leader, the new venture will have an R&D budget of some \$US 230 million and anticipated first year sales of around \$US 700

Key to the success of the European aspect of the operation is the appointment of an experienced Finance Director.

Reporting directly to the Vice President Europe, you will be responsible for creating an effective financial function to meet both the short and long-term needs of the business. This will involve the establishment of pan European financial, planning and reporting systems and the integration of these with the parent company's systems. You will build your own team and be instrumental in

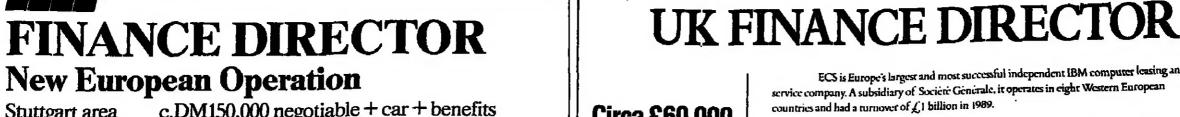
appointment and direction of financial staff in the principal European countries.

A qualified accountant, you should have a broadly based financial background, preferably with some Experience in the international experience. pharmaceutical industry would be especially valuable, as would familiarity with US accounting practices and a knowledge of the European financial framework. Computer literate, ideally with MIS experience, you should be commercially estute with the ability to operate effectively within a

multinational environment. This is an exceptional opportunity to contribute to the success of a business at a formative stage in its development. An attractive package is offered which includes car, share option scheme, medical insurance and many other benefits. The post will be based initially in Stevenage, Herts.

Please write with full career details to Alan Butler, Recruitment Consultant, Du Pont (UK) Ltd., Wedgwood Way, Stevenage, Herts SG1 4QN, Tel:





Circa £60,000 + executive car

> Richmond, Surrey

ECS is Europe's largest and most successful independent IBM computer leasing and service company. A subsidiary of Societe Generale, it operates in eight Western European

The UK subsidiary was established in 1980, and has seen a dramatic growth in business to £126M turnover in 1989. The UK Company provides a full range of computer rental options, to enable the client to cost-effectively acquire hardware, whether mainframe.

The position represents a challenge for a qualified accountant to manage and develop the finance function against a background of rapid growth and changing systems requirements. As a board member, the Finance Director will be responsible for financial strategy and will play a key role in the general business management of the Company.

The successful candidate will have strong Finance Management experience gained in a rigorously controlled environment, in company with complex products and accounting requirements. Experience of the treasury function is essential.

To apply, write to Stephen Crowther, Group Personnel Manager, ECS International UK Limited, Eron House, 18-24 Paradise Road, Richmond, Surrey TW9 1SE, enclosing a full c.v. and giving details of current remuneration.





Finance and **Administration Director**

London

to £50,000 + options + car Our client is a well established and successful PLC Candidates, aged 38-48, should be chartered

operating within the property and investment sectors. Continued growth within their niche markets has necessitated the appointment of a Finance and Administration Director. The role carries full responsibility for finance, property administration and all related enquiries.

As such, the successful applicant will liaise extensively with agents and other professional advisors, and must possess exceptional managerial skills. Due to the high profile nature of this position, it is anticipated that an early appointment as a full board member

accountants who can demonstrate excellent interpersonal and communication skills, coupled with the maturity and mental agility required to make a positive contribution to a dynamic business. Previous experience within the property field is desirable, though not essential. Interested applicants should forward a

comprehensive curriculum vitae, quoting ref: 1102, to Diane Forrester ACA, Executive Division, Michael Page Finance, 39-41 Parker Street,

London WC2B 5LH. Telephone 071-831 2000. Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birming Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCIAL CONTROLLER

North London

With a significant profile in the textile wholesale and distribution sectors, our client is an established family-owned company with a well defined strategy for their next important phase of business

Reporting to the Managing Director, the Financial Controller will ensure the effectiveness of all aspects of financial management and administration. Particular emphasis will be placed on:

- provision of timely and accurate financial and management information.
- analysis and interpretation of this information.

the continued development of computerisation.

- This broad ranging, high profile role requires: a qualified chartered accountant in the age range of late 20s to early 30s
- a minimum of 3 years financial management

c. £32K + car + benefits

experience gained in a small/medium commercial environment.

- sound experience of computerised accounting
- drive, commitment and 'shirt-sleeves'
- commercial awareness and the ability to make a substantial contribution as part of a young management team.

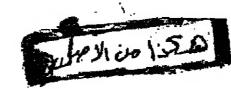
The potential exists for the successful applicant to achieve board level status within 2 years.

Full c.v. should be sent to:

approach.

Sue Sherliker Baker Tilly Management Consultants 22-24 The Courtyards Croxley Centre, Hatters Lane, Watford, Herts. WD1 8RR

MANAGEMENT CONSULTANTS BAKER TILLY



FINANCE DIRECTOR

East Manchester/ West Yorks border

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to £35,000, car, benefits

Well-established, c. £10m turnover, manufacturing Group seeks commercial finance professional to support Managing Director in establishing management controls to maximise profitability. Recent manage ement buy-in offers significant growth potential and possible equity participation.

The Role

- Introduce sophisticated management information systems to act as comprehensive management tool.
- Complete responsibility for finance and data processing functions. Total involvement in business strategy and analysis of existing performance. Heavy interface with production and sales.

The Qualifications

- Determined, tough individual with entrepreneurial flast and commercial acumen.
- Qualified accountant of graduate calibre, 30-35.
- Proven track record of achievement in manufacturing environment. Understanding of MRP/JIT techniques desirable. "Hands-on" approach.



Spring Gardens

M2 1EA

Fex: 061-832 9123

FINANCIAL MANAGER

A multi-national company involved in International Trade, Business Development and Consulting require a Finance Manager for their Middle East and African operations. The position will involve monitoring Documentary Credit Transactions, Funds Management, Supervising of Expenditure Control and promotion of UK exports. The person appointed to this senior position will be expected to have not less than ten years directly relevant experience and detailed knowledge of the business practises of the regions involved. Fluency in English and Arabic is essential.

> Please apply in writing to Box A290 Financial Times, One Southwark Bridge, London SE1 9HL

London/Surrey borders c £40,000 + car + benefits We are a very profitable independent electrical retailer selectrical appliances and consumer electronics. Our annual turnover is around £25m and we are currently undertaking an

ambitious expansion programme.

We are looking for an equally ambitious Financial Controller to guide us through this exciting phase of development and beyond Reporting to the Managing Director, you will take full control of the Company's financial and administrative affairs. In addition, you will advise on a variety of business issues and contribute to enhancing our already exphisitiostad contribute sections.

enhancing our already sophisticated computer systems.

The successful candidate will be in his/her thirties and qualified with at least five years proven financial and management experience. Good communication skills together with a "Hands on" approach is assential. You will be dynamic and ready to take on a new challenge. A Board appointment is envisaged within two

icants should reply in confidence with full CV to:



Group Management Accountant

To £30.000 + Car + Benefits f.m.c.g. North West

Austin Knight

Head of Finance

c.£50,000 + Bonus + Car

Cambridgeshire

This is a very high profile service organisation, internationally recognised, with global operations to match the requirements of its multinational customer base. They now wish to appoint a Head of Finance to the UK Division, itself a substantial and profitable business with a large infrastructure, which is market leader.

The Head of Finance will report to the Managing Director and will be expected to become quickly involved in running the business including determining its direction and contributing to strategy and tactics. The ability to rapidly develop and articulate views on business and product profitability issues is important. There is a well balanced support staff of 60 to lead and develop, many of whom are ambitious young professionals. The management style requires a confident team player who will combine effectively at peer group level and communicate in a concise unambiguous manner.

Candidates should be graduate accountants with at least 7 years post qualification experience, preferably gained in one or two medium to large companies. Comprehensive knowledge of both management and financial accounting is essential together with substantial IT, computing and PC experience. The Group will be looking for the personal stature, ambition, energy and managerial finesse to progress well beyond the immediate job.

Age guideline — mid 30's. There is a generous relocation

package available. Please apply in confidence quoting Ref L462 to:

Brian H Mason Mason & Nurse Associates I Lancaster Place, Strand London WC2E 7EB

Tel: 071-240 7805

Mason & Nurse Selection & Search

Financial Controller & **Company Secretary**

Yorkshire

To \$35,000 + car

Design Innovation, investment and success in export markets are the key features of our client . . . a recognised market leader in the volume manufacture of high quality worsted cloth.

This is a wide ranging and influential role which offers considerable scope for personal development. As a member of the executive management team, your responsibilities will encompass financial and management accounting, credit control, the IT function and, in addition, the company secretarial role.

Aged 30-plus, you will be educated to degree level and be a qualified accountant. Your career to date will span both financial and management accounting -

preferably, but not necessarily, in a manufacturing context. Previous experience of the company secretarial function will be an asset. This is essentially a 'hands on' position, thus good communication skills are a specific requirement.

Salary, for discussion as indicated; the comprehensive benefits package includes assistance with relocation expenses, where appropriate.

Please write with full details - in strict confidence - no information will be disclosed to our client without your express approval. A L Brown, Ref 62208, MSL International (UK) Limited, Ebor Court, Westgate, Leeds LS1 4ND.

MSL International

Group Treasurer

International Chemicals Manufacturer

North West,

c £35,000, Car

group financial operation. Reporting to the Group Finance Director, your brief will

This rapidly expanding and acquisitive UK based international chemical manufacturer, whose current turnover exceeds £150m, now seeks to strengthen its

be to set up and manage the treasury function in respect of banking, foreign exchange, currency flow and texation. Once fully established, you will also be involved in a number of assignments related to potential acquisitions, post acquisitional control, group working capital requirements and capital projects

Aged 30+, you are likely to be an FCA with significant possessing a broad financial outlook. Acquisition experience would be an advantage.

The role will be demanding and will involve a significant amount of overseas travel. The successful candidate will show a mature approach, be an excellent communicator at all levels and be able to work on his/ her own initiative in a rapidly changing environment. The rewards and benefits package is excellent as is the potential for progression.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, J. Bewley, Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2/F. 061-832 3500, Fax: 061-834 8577, quoting

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDEFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

European Financial Manager c£30,000 + Car Berkshire

Our client is the leading direct-response marketer of data communication products and computer accessories in the United States, Europe, and the Far East. With a turnover of \$350 million, they sustain their market position by supplying a quality product supported by dynamic

Reporting to the European Financial Controller, the successful candidate will manage the European Headquarters Financial Accounting Group. A varied role, the primary function of which will be to take overall responsibility for prioritisation of the financial demands on the group, including:- implementation of European mainframe accounting software; ensuring timely and accurate reporting to

the USA; financial policy appraisal and development, and management of a highlymotivated team.

The ideal candidate will be a qualified accountant, have international reporting experience and an exposure to computer accounting applications. Planning, analytical and creative skills are prerequisites - a dynamic approach and strong interpersonal skills are

If you feel that you can bring an early contribution to the role, please send your CV to Tina Shortman, Michael Page Finance, Windsor Bridge House, 1 Brocas Street,

Eton, Berks SL4 6BW.

Michael Page Finance International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmi ster Leeds Newcastle-upon-Type Glasgow & Worldwide

Finance Director

West London

c £45,000 + car + bonusaccountant, aged 32-38 who can demonstrate

lateral thinking, problem solving abilities,

Our client operates within a highly competitive, dynamic niche sector. Currently supplying a mainly domestic market, the company has impressive plans for future growth.

To remain at the leading edge, they seek to appoint a commercially minded Finance Director who will work closely with non accounting disciplines and negotiate with third parties to the best advantage of the company. Technical competence will be assumed. Much more important is the ability to analyse, interpret and act on information from a business

perspective.

The candidate we seek will be a qualified

decisiveness and strength of character within a similarly demanding environment such as retail. Management and development of a small accounts department together with good teamwork and a hands-on approach are also important aspects of this role. Interested applicants should contact

Diane Forrester ACA, quoting reference 1103 at Michael Page Finance, Executive Division,

39-41 Parker Street, London WC2B 5LH, telephone 071-831 2000. Michael Page Finance

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For further information please call

Jennifer Hudson 071 873 3607 Richard Jones 071 873 3460 Georgina Harris 071 873 3392 Denise Morrice 071 873 3199

TREASURER

C£35,000 pa + car

A multi-national Private Group (turnover £50m+) requires a Treasurer to develop its currency activities and to controllise and control its cash and investment management. The Group, based in Kent, trades in all major world currencles and is active primarily in the electronics market. Reporting to the Group's Financial Director, you will not only be required to head the Treasury Department but also to build costeffective and dynamic relationships with Financial Institutions. In addition you will have the interpersonal skills to develop a detailed knowledge of the Group's Subsidiary Companies such that you are able to contribute to the overall financial management of the Group,

If interested please reply to Box A293, Financial Times, One Southwark Bridge, London SE1 9HL

Finance Director

London ·

Our client is internationally renowned for its excellence and innovative approach to multiproject management. Part of a large successful group, the company has representative offices throughout the world.

In order to successfully manage their explosive growth and retain both professionalism and competitive advantage, a Main Board appointment as Finance Director will be made.

The individual will carry strategic responsibility for domestic and international finance, and be expected to undertake continuous commercial involvement at all stages of the contracts. This will necessitate close liaison with other directors, clients and advisors, leadership and direction of the accounts

c £70,000 + car + bonus

department, and a willingness to travel at

The successful applicant will be a qualified accountant aged 40-50, with solid international project management, tax and treasury experience. Highly developed commercial acumen, communication skills, resilience and flexibility

are fundamental to this appointment.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 1104, to Diane Forrester ACA, Executive Division, Michael Page Finance, 39-41 Parker Street,

London WC2B 5LH Telephone 071-831 2000.

Michael Page Finance International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingh Manchester Leeds Newcastle-upon-Type Glasgow & Worldwide

Financial Controller

(Director Designate)

Southampton c £35,000

Bonus, Car, Benefits

Part of a dynamic group this company is a major force within the construction industry, a national contractor. and property group operating throughout the UK. The company is presently entering a very exciting and challenging stage in its development and now seeks to appoint a highly talented finance professional. Reporting to the Managing Director the main responsibilities will include the direction of finance and accounting matters, strategy, planning and budgeting. A qualified accountant aged over 30, it is essential that you are computer literate and presently holding a senior position with a significant company where first class business discipline are applied The successful candidate will be a totally self motivated person who is capable of supplying the highest quality of management information and advice within the finance function. In addition to the highly attractive package, relocation. assistance will be given where appropriate. It is envisaged that this position will lead to a board appointment in the near future.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal; History Form to, G.J. Deakin, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD, 021-455 7575, Fax: 021-454 2338 quoting

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Operations/Systems Accountants

North London, Sutton Coldfield, Manchester £22,000 - £28,000 + Car (fully expensed) + Benefits

McDonald's Restaurants is the world's largest quick-service restaurant chain, with over 350 restaurants in the UK, generating annual sales of almost £500 million. Quoted on the Dow Jones 30 share Industrial Average, McDonald's is widely recognised as one of the most successful publicly traded companies.

In line with our structured UK expansion programme, we are looking to appoint qualified accountants of considerable ability, commitment and potential. Operations Accountants

Based at East Finchley in North London, Salford in Manchester or our Sutton Coldfield office, the Operations Accountants will be responsible for provision of key financial support to our operations personnel, with particular emphasis placed on store profitability. The role will have additional responsibility for the production of management reports, planning, investment appraisal and the strict financial control over the processing of store date. Systems Accountants

Based at our East Finchley office in North London, the Systems Accountant will act as the focal point between the

Information Services and Accounts departments ensuring that new system designs are fully documented and tested The Company has invested extensively in new EDI and ISP systems and considers their continued development an integral part of the Company's future.

For all positions you should preferably be aged 24-33 and be suitably qualified (ACA/ACCA/ACMA). Your strong technical accounting abilities should be complemented by good management, computing and communication skills.

With a highly competitive salary of £22,000 - £28,000 plus car and benefits, both roles offer outstanding opportunities for the right candidates and a chance to contribute to the strategic development of a leading international company.

Your comprehensive CV, with position and location clearly marked, should be forwarded to Mark Brooks at the address below. Alternatively, telephone 081 883 6400 for an

Corporate Personnel Department, McDonald's Restaurants Limited, 11-59 High Road, East Finchley, London N2 8AW.

McDonald's Business Management

SUPERDRUG STORES PLC

Controller – Accounting Services

The Company:

- A member of the Kingfisher Group, and a complex and fast-moving business with annual sales over \$500m from 640 outlets employing over 11,000
- A leading player in its market, now engaged on an exciting programme of organisational and information systems change.

Reporting to the Finance Director, and a key member of the small senior management team, responsible for:-

leadership and development of all key central accounting functions including branch network control and reporting. c.£40,000 + Car Croydon

- design and implementation of state of the art computerised financial systems embracing the use of EPOS, EFTPOS and EDI.
- career development and training of the accounting
- corporate reporting, tax matters, and liaison with Group Head Office and external corporate auditors.

qualified accountants, aged 30-40.

- previous experience in fast moving high volume companies in Retail/FMCG/Financial Service sectors
- strong team management and first-class communication skills.

Candidates should write in the first instance and in confidence to Elizabeth Parry at the address below, enclosing their CVs.



How do Europe's best business people get the top jobs?

They use the FT.

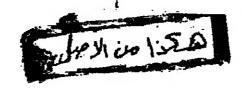
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